Austria	Sch30	Indonesia	Rp3800	Pakistan	Rs35
Bahrain	Din0.900	Iran	[illegible]	Philippines	Pso45
Belgium	BFr60	Israel	Shk5.50	Poland	Zl 18,000
Cyprus	C£1.00	Italy	L2500	Portugal	Es180
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr15	Korea	Won 2500	S.Arabia	SR9.00
Egypt	E£4.00	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,250	Spain	Pta200
France	FFr8.00	Lux	LFr60	Sweden	SKr14
Germany	DM3.30	Morocco	MDh11	Switz	SFr3.00
Greece	Dr250	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft162	Nigeria	Naira20	Tunisia	Din1.000
Iceland	IKr70	Norway	NKr15.00	Turkey	L6800
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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Tuesday February 4 1992

D 8523A

ITALY

Election opens way for reform

Page 2

World News

French row over Habash forces fresh resignation

Georgina Dufoix was yesterday forced to resign as head of the French Red Cross because of her role in arranging for radical Palestinian leader George Habash to stay in a French hospital.

Mrs Dufoix, a close associate of President François Mitterrand, had already resigned as a presidential adviser over the affair, which continues to threaten the Socialist government. Page 2

US work ethic queried

Japanese prime minister Kiichi Miyazawa told parliament that Americans "may have lacked the work ethic". The White House said the remark was "not helpful." Page 4

Double agent jailed

Double agent Brian Nelson, who worked in Northern Ireland for the British army and a Protestant paramilitary group, was jailed for 10 years after admitting conspiracy to murder and other terrorist charges. The judge said Nelson went beyond what was required by his British military handlers and involved himself with killer gangs.

Libya awaits inspectors

The International Atomic Energy Authority said Libya had agreed to open all its nuclear facilities to inspection to prove it does not have a secret bomb project.

Algeria seals off area

Algeria sealed off the area round the former headquarters of the Islamic Salvation Front near Algiers university where about 2,000 students held a pro-FIS rally.

First BCCI arrest in UK

British police made their first arrest in connection with investigations into the collapsed Bank of Credit and Commerce International. An unnamed man was arrested as he arrived on a flight to London's Heathrow airport.

Argentine Nazi files

Argentina is opening government archives on the presence of Nazi war criminals to public inspection. At least 15 prominent Nazis, including Adolf Eichman and Josef Mengele, fled to Argentina after the second world war. Page 5

UN plan in balance

A row between Serbian leaders threatened to derail UN peacekeeping plans for Croatia. Page 2

Armenia peace move

Armenia and Azerbaijan agreed in principle to meet in Moscow for talks on their dispute over Nagorno-Karabakh. Earlier Azerbaijani soldiers again tried to seize an Armenian village in the disputed region.

Gold miners killed

At least 10 South African miners were killed and 16 injured in rockfalls at Western Deep Levels gold mine near Johannesburg. About 700 miners, most black, died in South African mining accidents last year.

Deng makes appearance

Chinese leader Deng Xiaoping, 87, made his first television appearance for a year. He was filmed at a lunar new year reception in Shanghai, smiling and apparently in good health.

Burma 'firing squads'

Refugees who have fled to Bangladesh say Burma is setting up firing squads to curb moslem and other rebels in Arakan state, where Moslems are in the majority.

Jellied politicians

Germans disillusioned with Chancellor Helmut Kohl can now chew his head off. A sweet company has launched a range of jelly politicians' heads, including chancellor Kohl and foreign minister Hans-Dietrich Genscher.

Business Summary

Marsh & McLennan in $105m French deal

Marsh & McLennan, the world's biggest insurance broker, announced the acquisition of Faugère & Jutheau, a family-owned company and the dominant force in French insurance broking.

New York-based Marsh & McLennan, which already owns one-third of Faugère, paid $105m in cash to secure the deal, which is still subject to formal approval by the French government. Page 15

NISSAN MOTOR, Japanese carmaker, said it would close its unprofitable Australian assembly plant in Victoria by October, with the loss of 1,800 jobs. Page 15

MICROSOFT, the US software group, announced top management changes and a broad reorganisation of its operations. Page 15

EUROPEAN Community ministers moved to try to ease the legal logjam holding up agreement on the 19-nation trading zone known as the European Economic Area. Page 2

UK INDUSTRIAL users of electricity say they will refuse to pay part of their electricity bills in April when annual supply contracts are renewed in protest at price rises. Page 14

GRANADA TELEVISION'S executive chairman resigned less than four months after leading the UK company's successful bid for a new franchise. Page 15; Lex, Page 14

US MANUFACTURING fell for the second month running in January, according to the National Association of Purchasing Managers. Page 5

RJR NABISCO, US tobacco and food group which was subject to a $25bn leveraged buy-out in 1989, reported net profits of $368m last year, against a net loss of $462m last time. Page 18

CANADIAN Pacific, transport and industrial holding company, unveiled a record loss of C$913.8m ($781m) for 1991 after charges involving its investment in Laidlaw, the waste management group. Page 18

WELLCOME, pharmaceutical group, published preliminary results demonstrating that its drug Retrovir halved the likelihood of healthy people infected with the HIV virus developing Aids. Page 21; Lex, Page 14

RHONE-POULENC Rorer, Franco-US pharmaceuticals group, more than doubled net profits in 1991, from $145m to $326.1m. Page 16

IBM, US computer conglomerate, and India's Tata Industries have set up a joint venture to make computers and develop software. Page 3

FINNAIR, Finland's national airline and Aeroflot St Petersburg, part of the former Soviet Union's national carrier, have agreed to set up a joint airline.

COFFEE prices fell sharply in London and New York as hopes of progress at this week's International Coffee Organisation talks faded. Page 24

OECD said the rate of decline in steel output should slow to under 1 per cent this year, against 4 per cent in 1991. Page 2

MEXICO'S trade deficit deteriorated sharply in November to reach $6.02bn for the first 11 months of 1991 as export growth stagnated. Page 5

AUSTRALIA'S current account deficit was more than halved in December to A$767m (£319m) after a sharp reduction in imports. Page 4

The FT London Share Service now carries Investment Trust share prices in two separate categories, Investment Trusts-Authorised and Investment Trusts-Unauthorised. Page 26

Manufacturers warn 5.9% pay settlement will force job losses

German steel strike averted

By Christopher Parkes in Bonn

A DISRUPTIVE steel strike in Germany appeared to have been averted yesterday after union leaders struck a last-ditch pay bargain with employers.

The IG Metall union urged steelworkers to accept a pay package equal to a 6.35 per cent rise in the country's first big wage settlement this year.

The union members are to be asked to annul last week's overwhelming strike vote following the weekend deal, which includes a basic 5.9 per cent across-the-board rise and a bonus of DM175 ($110).

The agreement was welcomed by the union and the employers. It straddles the 6 per cent upper limit considered the maximum acceptable to the Bundesbank, Germany's central bank, before it can consider reducing interest rates from their record levels.

However, steel manufacturers warned later that the extra costs of the "unexpectedly high" settlement would have to compensated for by rationalisation. Unofficial estimates say the industry is planning to reduce the 130,000 workforce by at least 6,000 this year. Some 70,000 jobs have been lost since 1981.

There was also wide concern that the agreement would encourage other unions involved in, or about to start, their 1992 pay talks to strike in pursuit of claims which so far are averaging 10 per cent.

Mr Helmut Kaiser, head of

- **OECD sees slowdown in decline of steel output** PAGE 2
- **An industrial bed of nails** PAGE 12

research at Deutsche Bank, said he was glad a strike and lost production had been avoided, and that the "absolute pain threshold of 6 per cent" had not been over-stepped.

The deal did little to ease tension in world markets watching the Bundesbank for signs of relaxation in its tight grip on German money supply and interest rates.

Although no rate cuts are expected until after all the main pay deals have been completed, bankers and governments elsewhere in the European Community had hoped for a clearer indication of the outcome of the pay round.

The agreement was hammered out in secret at an industry "summit" over the weekend after an intervention by Mr Johannes Rau, prime minister of North Rhine Westphalia, the north western state where the steel industry is concentrated.

Mr Heinz Kriwet, chairman of Thyssen, Germany's biggest steel maker, and Mr Franz Steinkühler, chairman of the IG Metall union, joined talks with Mr Rau and the two sides' chief negotiators.

According to Mr Steinkühler, the settlement proved "that reasonable agreements are possible even in these economically difficult times". It also allowed the union to achieve the "strategic aim" of bringing wages for steel workers closer to those of their better-paid colleagues in engineering.

Mr Klaus Murmann, head of the BDA employers' association, stressed the importance of keeping rises below 6 per cent. The most important element in the package for him was "the five before the decimal point", he said.

The next confrontation over pay is expected at talks between public employers and officials of the OTV public services union, who are pressing a claim for 9.5 per cent more pay for 2.7m workers.

Russia retreats from economic reform plans

By John Lloyd in Moscow

THE Russian government yesterday retreated from its economic reform programme in the face of sustained criticism from parliament, industrial leaders, economists and the public.

The presidium of the Russian parliament was last night reported to have cut the rate of value added tax on some foods from 28 to 15 per cent, which would reduce government revenue by an estimated Rbs20bn-Rbs30bn.

Parliamentary leaders were also discussing rises in the level of social security and pensions to protect the rising number of people living below the poverty line.

Mr Yegor Gaidar, the deputy prime minister in charge of economic reform, said yesterday that the changes were "technical adjustments, but it is important that these adjustments should not be chaotic and dangerous".

He added that Mr Boris Yeltsin, the Russian president, still stood firmly behind the reforms.

The changes, details of which are still the subject of debate, are being mooted at a time when hostility to the reform programme is growing louder.

Introduced on January 2, the programme has brought sharp rises in value added, profit and export taxes, together with deep cuts in food and other subsidies and an 85 per cent cut in defence procurement as a means of balancing the budget and freeing prices.

Mr Ruslan Khasbulatov, the chairman of the Russian parliament and one of the chief critics of the reform, yesterday told a congress of Russian farmers that large parts of the economy, including the farming sector, should remain under state control.

A meeting of prominent economists convened by Mr Khasbulatov over the weekend concluded that the reform programme was "not realistic" according to Mr Pavel Bunich, who took part in the meeting. They called for a sharp drop in taxes, and for continuing subsidies to lossmaking industries, farms and oil and gas production.

Mr Bunich, writing in Pravda, the former mouthpiece of the Communist party leadership, said that "a balanced budget is a good thing but not an end in itself".

It now seems likely that Mr Gaidar's efforts to bring in a balanced budget in the first quarter, already modified to a forecast deficit of about Rbs11bn, or 1 per cent of GNP, will be undercut.

Further veiled criticism came from Mr Genady Burbulis, the first deputy prime minister, who said on Sunday night that there was "no hint of a rise in productivity or of the stimulation of production – and this is a message to our government". Mr Burbul is close to Mr Boris Yeltsin, the Russian president – who Mr Gaidar said stood firmly behind the reforms. The deputy premier also appeared to drop plans for the rapid convertibility of the rouble, suggesting it could not be achieved until the latter half of this year, or even next.

However, he said that a fund of between $5bn and $6bn to support the rouble's convertibility was still being discussed with the international economic agencies, and said he had been "encouraged" by the positive attitude of the British and Canadian governments towards providing such a fund.

He said that the rouble might be set at between 25 and 30 to the dollar when an exchange rate was fixed – but implicitly agreed that a special exchange rate would have to be used for foreign businessmen wishing to buy shares in Russian companies while the rate remained as low as its present level of Rbs110 to the dollar.

A further fall in oil production of 10 per cent this year was forecast, Mr Gaidar said, leaving output at around 360m tonnes compared with last year's estimated 400m tonnes.

Yegor Gaidar, Russian deputy prime minister in charge of economic reforms, greets Jürgen Möllemann, the German economy minister, in Moscow yesterday

Scientists blame volcano for new ozone layer hole

By Clive Cookson, Science Editor, in London

A HOLE in the earth's protective ozone layer is likely to appear in the atmosphere over Europe and North America for the first time this spring, according to international scientific observations released last night. It would expose early season sunbathers to a slightly increased risk of contracting skin cancer.

Scientists working on the European Arctic Stratospheric Ozone Experiment (Easoe) say "the atmosphere in the northern hemisphere is highly perturbed this winter". Into an atmosphere already heavily loaded with man-made chemicals, large amounts of natural pollutants have been injected following the volcanic eruption of Mount Pinatubo in the Philippines last year.

Easoe is a £14m project involving 250 scientists from 17 countries who are measuring chemicals in the atmosphere.

The European scientists, based at Kiruna in Sweden, say "unprecedented" reactions are now taking place in the atmosphere. Natural chemicals thrown many miles high by the Pinatubo volcano are exacerbating the man-made damage caused by chlorofluorocarbons (CFCs), which have built up in the atmosphere after decades of use in the world's refrigerators, aerosol sprays, cleaning fluids and insulating foams.

The reactions have already destroyed a few per cent of the ozone layer, which is several kilometres thick and about 20km high.

More extensive ozone loss is likely over the next two months or so, as the early spring sunshine accelerates the destruction.

The Antarctic hole, which started appearing in the early 1980s, is a seasonal phenomenon. It appears every year in the late winter and disappears during the summer as winds bring in ozone-rich air from lower latitudes.

But the Antarctic hole covers a largely unpopulated region of the globe. An Arctic ozone hole would increase radiation over all temperate regions of the northern hemisphere, as far south as the Mediterranean.

If an Arctic ozone hole does appear this spring, it will increase pressure on governments to speed up the timetable for phasing out CFCs, scheduled for 2000.

American Express plans $1bn public share offering

By Alan Friedman in New York

AMERICAN EXPRESS, the US financial services giant, announced yesterday its intention to raise up to $1bn through a public share offering.

American Express, which has been buffeted by credit card losses, plans to offer as much as 45 per cent of First Data Corporation (FDC), its renamed credit card processing subsidiary.

The share offer, which would leave American Express owning 55-65 per cent of the business, would be the company's largest fundraising exercise in years.

It would also represent the sale of shares in one of its five strategic core businesses; the others are the Shearson Lehman investment bank, the travel-related services business, the American Express bank and the IDS financial services business.

FDC, which used to be known as American Express's Information Services Corporation, is the largest third-party processor of credit cards in the US and Britain.

The company's revenues rose by 20 per cent in 1991, to $994.5m. This was thanks mainly to a first-time five-month contribution from Signet, the UK credit card processor which American Express bought last year from a consortium made up of Midland Bank, National Westminster Bank, Royal Bank of Scotland and Lloyds Bank.

American Express paid £146m ($264m) for Signet, which is the largest third-party credit card processor in Europe. FDC had net profits of $118m in 1991, but Signet's contribution to the bottom line is understood to have been marginal. FDC has 17,000 employees and last year represented about 15 per cent of the $789m in group net earnings at American Express.

Mr Jim Robinson, chairman of American Express, said the share offer, which has yet to be filed with the Securities and Exchange Commission (SEC), would raise substantial funds that would be available "at a time when a strong capital base is especially important for financial services companies".

Last autumn American Express shocked Wall Street when it took a $265m charge against earnings, including $155m to cover credit losses that were mainly at its Optima credit card division.

American Express's total long-term debt is $13.1bn, or nearly twice its shareholders' equity of $7.4bn.

FDC handles processing for banks offering Visa and MasterCard, the two leading US credit cards. During 1991 it processed more than 1.7bn credit card transactions for more than 700 financial institutions.

The last fundraising move by American Express was a $300m private placement of preferred stock in the parent company, with Berkshire Hathaway, the company controlled by Mr Warren Buffett, the investor who chairs Salomon Brothers.

CONTENTS

US repatriation of refugees from Haiti is criticised

Most Haitian refugees being shipped home from the US are economic refugees, according to Richard Cheney, US defence secretary. But the move has been widely criticised by human rights advocates. Page 14

MARKETS

STERLING
New York lunchtime: $1.7985
London:
$1.80 (1.79)
DM2.8675 (2.8775)
FFr9.765 (9.80)
SFr2.555 (2.5575)
Y226.0 (224.75)
£ Index 90.9 (same)

GOLD
New York Comex Feb $358.4 (356.9)
London: $356.7 (354.95)

N SEA OIL (Argus)
Brent 15-day Mar $18.175 (18.125)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.60
FFr5.452
SFr1.4253
Y125.95
London:
DM1.5975 (1.608)
FFr5.44 (5.475)
SFr1.4235 (1.4285)
Y125.9 (125.55)
$ Index 62.7 (same)
Tokyo close: Y125.65

US lunchtime rates
Fed Funds: $3\frac{15}{16}$%
3-mo Treasury Bills: 3.93%
Long Bond: 102$\frac{3}{32}$
yield: 7.803%

STOCK INDICES
FT-SE 100: Yield 4.80
2,560.2 (−11.0)
FT-A All-Share:
1,223.33 (−0.4%)
FT-SE Eurotrack 100:
1,134.04 (−3.93)
New York lunchtime:
DJ Ind. Av.
3,226.07 (+2.68)
S&P Comp
408.65 (−0.13)
Tokyo: Nikkei
22,139.59 (+116.54)

LONDON MONEY
3-month Interbank:
$10\frac{5}{8}$% ($10\frac{11}{16}$%)
Liffe long gilt future:
Mar $97\frac{17}{32}$ (Mar $97\frac{15}{32}$)

Brussels compromises on interpretation of laws

EC tackles legal hurdle to 19-nation trade zone

By David Buchan in Brussels

EC MINISTERS moved yesterday to try to ease the legal logjam impeding final agreement on the European Economic Area (EEA), the 19-nation trading zone.

Mr João de Deus Pinheiro, foreign minister of Portugal, currently the EC president, said the Community had pushed members of the European Free Trade Association (Efta) as far they could reasonably go in accepting the predominance of EC law, and that EC-Efta negotiators should aim for "the best possible degree of legal homogeneity" in running the 19-state economic zone.

A Portuguese official said this meant accepting "less than 100 per cent" uniformity in the interpretation of common EEA laws.

The action opens the way for detailed negotiations on the EEA to continue this month before a possible signing of the treaty in March.

The shift in EC mood stems from a realisation that the EEA may only be shortlived, as most Efta countries have applied, or are about to apply, for full EC membership.

Indeed, it is the current legal impasse in EEA negotiations which has highlighted to Efta the unsatisfactory nature of the EEA arrangement that puts them half in, half out of the Community.

The heart of the present dispute is not over EEA laws themselves. The seven Efta states agreed to wholesale adoption of some 10,000 pages of existing EC single market legislation, forming the core of EEA rules. The Efta states will get the chance to influence future EC laws affecting the EEA, and to opt out if they do not like them.

The key dispute is over future judicial interpretation of common EEA laws, as court judgments can significantly alter the impact of a law.

A mixed EEA court of EC and Efta judges would have ensured uniform interpretation of laws. Or so it seemed, until last December when the Community's Court of Justice (ECJ) effectively struck down the joint-panel idea, claiming it jeopardised its own autonomy in determining what was, and what was not, EC law.

Is either side, then, ready to accept the sway of foreign judges? The short answer is no. But, as essentially the weaker side in the negotiation, the Efta states have come up with a compromise:

- Competition cases involving EC companies or business turnover in the EC could all pass to the Commission in Brussels and the ECJ in Luxembourg for resolution. This is less of a concession than it seems, for two reasons. EC competition authorities already claim the right to rule on any anti-competitive practices or mergers with economic effects on the EC market. Efta states, too, trade less with each other than with the EC.
- Disputes over special provisions of the EEA which do not simply mirror EC legislation would be submitted to binding outside arbitration. One such special provision would allow the EC to "rebalance" the EEA accord by, for instance, suspending all transport EEA provisions if Efta states decide not to adopt some Brussels rule on road transit.

In such retaliation, Efta says it cannot allow the EC to be sole judge and jury in its own cause. The EC, it seems, can tolerate outsiders pronouncing on rules that are not also part of its own internal body of law. But this still leaves the problem of what happens when EC and Efta courts reach differing judgments on legislation.

In its December opinion, the ECJ pointed out that such divergence was likely, as judges in the EC had to bear in mind that the goal of their Community was a fully-fledged political community, while those in Efta lived in a mere free-trade zone.

But EC ministers took a more political tack yesterday. Provided Efta states could be committed to making their best endeavours to take ECJ rulings into account, they seemed ready to accept that some legal imperfection was a small price to pay for a common market extended to 380m people.

Brussels plans to speed food aid for CIS

By David Buchan

THE EC is to try to accelerate the pace and widen the scope of its Ecu2.2bn ($2.83bn) food aid programme for the former Soviet republics.

The European Commission said it would do its best to speed aid, after several EC foreign ministers yesterday expressed frustration that EC food loans were being blocked, and echoed Russian calls for the EC to spread food deliveries beyond Moscow and St Petersburg.

Mr Frans Andriessen, EC external affairs commissioner, reacted to ministerial pressure by suggesting Brussels might have to withdraw its guarantee from the long-delayed Ecu500m commercial food credit being organised by Deutsche Bank, and lend the money directly to the Commonwealth of Independent States (CIS).

But Deutsche Bank said last night the problem lay in Moscow, where it was unclear whether Vnesheconombank – the old Soviet foreign trade bank – had the authority to take on new loans. The bank said it was still trying "very hard" to clarify the borrower's status. This, it added, was a problem which the EC would have to face if it became the direct lender.

Mr Douglas Hurd, UK foreign secretary, also urged the Commission to settle quickly the dispute holding up a separate Ecu1.25bn food credit, offered by the EC directly. The Commission is demanding Russia waive sovereign immunity in any dispute arising out of the loan, and Russia is refusing.

Pressure to widen the geographical scope of the EC's Ecu450m food grant programme also came from Mr Hurd, who said that according to Russian President Boris Yeltsin there were several Russian cities in greater need now than Moscow and St Petersburg.

These cities had been almost totally dependent on defence and now had no economic base to fall back on.

Mr Hans-Dietrich Genscher, Germany's foreign minister, suggested the EC devote some of the Ecu400m in technical aid still not spent from last year, or some of the Ecu500m technical assistance pledged for this year, to finding employment for Russian nuclear scientists.

But Mr Hurd reported Mr Yeltsin as saying he was taking his own steps to prevent Russian nuclear know-how ending up in dangerous hands.

Ministers endorsed the Commission's general approach to the CIS of offering individual republics something better than the simple trade agreement which the old Soviet Union had with Brussels, but less than the association agreements just reached with central Europe.

Such "intermediate" accords should provide for substantial political dialogue, ministers agreed.

At Denmark's urging, the Commission promised not to neglect the three new independent Baltic states, and pointed to the trade and co-operation agreement it initialled with Lithuania at the weekend.

Call to arms: Russian and Ukrainian sailors arm-wrestle in a test of strength at the Black Sea port of Sebastopol yesterday. Leaders of the two republics are battling for control of the former Soviet Union's fleet

Italian poll could force huge changes

By Robert Graham in Rome

THE dissolution of the Italian parliament and the calling of general elections on April 5 has opened the way for an upheaval in Italian politics.

This will primarily focus on the ability of the main political parties to convince a disillusioned electorate they are still capable of carrying out the reforms necessary to enable convergence with Italy's principal European partners. Another political contest involves intricate horse-trading to decide who will be the country's next prime minister and who will succeed President Francesco Cossiga when his term of office ends in July.

Both are inter-related because any collapse in the vote for the traditional parties, especially the Christian Democrats who have ruled uninterrupted since the Second World War, could affect the candidacy to the presidency. The forthcoming elections are also the first since the break up of the Soviet Union and the fall of communism in eastern Europe. As such they will test the strength of electoral support for Italy's ideologically bereft left, until last year represented by the Communists, the strongest opposition party, now regrouped round the Party of the Democratic Left (PDS).

The outgoing government, headed by the veteran Christian Democrat leader, Mr Giulio Andreotti, is Italy's 50th in the post-war period. The legislature, Italy's 10th, should have concluded in May but the increasing difficulty of holding together the Christian Democrats, Socialists, Social Democrats and Liberals in the four-party coalition has led Mr Andreotti to concede that his mandate is exhausted.

Indeed, the bitter infighting which has characterised recent months, not least over the 1992 budget, has underlined the inadequacies of an electoral system which produces coalition governments.

The ever controversial President Cossiga appears determined to make sure that the political ground rules will change. Secure in the knowledge of a powerful groundswell of support, Mr Cossiga wants to see genuine reform through parliament. The alternative, he says, is an ill-controlled reform movement inspired by referendums.

Announcing the dissolution of parliament, he launched an open attack on his former Christian Democrats colleagues and the opposition PDS, urging Italians to desert and permit political reform.

The enmity between Mr Cossiga and Mr Andreotti not only risks upsetting the Christian Democrats' electoral calculations but also the question of succession to the presidency. If he were constitutionally able, Mr Cossiga would like to stand again. As this is unlikely, he seems out to spoil Mr Andreotti's ambition to be president.

Serbian leaders' dispute threatens UN peace plans

By Laura Silber in Belgrade and **Judy Dempsey** in London

AN open dispute among Serb leaders threatened yesterday to derail UN plans to deploy peacekeeping troops in Croatia, while the Croatian government continued to impose obstacles to their deployment.

Mr Milan Babic, head of the self-proclaimed Serbian republic of Krajina in southern Croatia, accused Serb and Yugoslav officials of using "police methods and physical torture" to gain his acceptance of the UN peace plan.

Mr Babic had refused to accept the plan – agreed last month between Serb, Croat and federal army leaders – on the grounds that the peacekeepers should be deployed on current frontlines, rather than in Krajina.

He also accused the Serb-dominated federal presidency and the army of planning a coup d'état in Krajina, and of forcing the Serbs from Krajina into signing the peace document.

Mr Borisav Jovic, Serbia's representative on the rump Serb-dominated Yugoslav presidency, denied plans to use the army against Mr Babic. However, he warned that "if political measures to implement the UN plan failed, we will do it by state measures".

Mr Babic's open criticism of the leadership in Serbia shows how prominent Serbs are betraying each other in the struggle to remain in power.

In his bid to gain political autonomy for Serbs in Croatia, Mr Babic was openly supported by Mr Slobodan Milosevic, president of Serbia. Now Mr Babic is accusing Serbia of betraying Serbs in Krajina, while the Belgrade media is saying Mr Babic is wrecking chances for peace.

The UN plan envisages withdrawal of the federal army from Croatia after the deployment of peacekeepers in selected parts of the republic, but Mr Babic continued to insist that "Serb territorial units should not be disbanded".

However, he said the government of Krajina approved in principle UN involvement, adding he was prepared to hold talks with Croat leaders to find a "political solution" for Krajina.

Even if Mr Babic accepts the peace plan, UN officials face opposition from Mr Franjo Tudjman, president of Croatia.

Mr Tudjman wants troops to be deployed in such a way that they will win back for Croatia the third of its territory now under army and Serb control.

However, UN diplomats said yesterday Mr Tudjman was distorting the spirit of the UN plan.

"The troops will be deployed only as peacekeeping troops. They are not there to impose a political solution. Their role will be complemented by the European Community peace conference," a diplomat said.

- The EC decided yesterday to restore trade concessions to all Yugoslav republics except Serbia, but still expressed concern at lack of co-operation, particularly on Croatia's part, in international efforts to create a lasting peace, writes **David Buchan in Brussels.**

The decision leaves only Serbia facing economic sanctions. The other five republics' tariff and quota concessions are to be restored to the level enjoyed under the old EC-Yugoslav trade and co-operation accord. EC project finance, however, remains frozen.

OECD sees slowdown in steel decline

By William Dawkins in Paris

THE decline in the industrialised world's steel output should slow down this year, according to the Organisation of Economic Co-operation and Development (OECD).

The organisation's latest steel industry outlook predicts a fall of between 0.5 per cent and 1 per cent in OECD crude steel production in 1992, much less steep than last year's 4 per cent decline. This is mainly due to expected growth in its 24 member countries' average gross national product of 2.2 per cent this year, as against 1.1 per cent last year.

Demand from the US and European car industries is expected to revive, but demand from their Japanese competitors should weaken. Steel use by Canada's house-building industry is expected to grow strongly, having been very depressed last year, while non-residential construction should slacken in the US, Finland, Norway and Switzerland, says the OECD.

Geographically, the OECD expects "notable" upturns in steel demand from the US and the Middle East, while Japanese steel consumption should decline by 6.4 per cent.

Employment in the steel industry continued to fall last year, by about 2.5 per cent overall, highlighting the continued need to reduce capacity – as shown by the recent job losses at Usinor Sacilor of France and Bethlehem Steel in the US. Overall capacity fell by 1 per cent last year, but the decline in demand was still strong enough to cause a fall in capacity utilisation to 76 per cent, from 78 per cent in 1990.

Key figure in France's Habash row quits

By Ian Davidson in Paris

MRS Georgina Dufoix, one of the key figures in the French political crisis precipitated by last week's brief hospitalisation in Paris of the Palestinian leader, Mr George Habash, yesterday surrendered to pressure from her critics and announced that she would resign from the presidency of the French Red Cross.

Mr Habash's treatment last week was arranged through the French Red Cross, and yesterday Mrs Dufoix made an attempt to take the blame for the crisis. She claimed that her "great error" was that she had not informed any of her political superiors at the Elysée Palace and the prime minister's office.

"I should have informed François Mitterrand, and I didn't do it, nor Hubert Védrine [secretary general at the presidential Elysée Palace] nor anyone at the Elysée nor at the [Prime Minister's office at the] Hôtel Matignon. It was a mistake." Last week Mrs Dufoix resigned as a presidential adviser after the Habash crisis blew up. She has been a close associate of Mr Mitterrand for many years, and held junior ministerial positions in previous Socialist governments, before losing her parliamentary seat in the 1988 elections.

But there was no sign yesterday that her departure, nor her virtual admission of responsibility, would succeed in calming what is turning into a serious political storm threatening the Socialist government of Mrs Edith Cresson.

On the contrary, pressures for ministerial resignations, and even for a complete change of government, remained intense not only from the conservative opposition but also from leading members of the Socialist party.

FRANCE'S conservative opposition increased its majority in Sunday's by-election for the National Assembly seat of Lille-Ouest in the Nord region, writes Ian Davidson in Paris.

The National Front candidate also substantially increased his support, further confirming the growing strength of the extreme right-wing party.

Mr Marc-Philippe Daubresse, centrist (CDS) mayor of Lambersart, romped home with nearly 78 per cent of the vote in the second round of voting, compared with nearly 47 per cent in the first round.

Mr Nicolas Crochet, the National Front candidate who had driven the Socialist party candidate into third place in the first round a week earlier, raised his share of the vote in Sunday's run-off from 15.7 per cent to 22.1 per cent. In some cantons he captured as much as 35 per cent of the vote.

Turkey initials Black Sea economic pact

By John Murray Brown in Istanbul

TURKEY and eight former socialist states around the Black Sea initialled a broad framework for economic co-operation yesterday, in a bid to revive stalled trade relations following dissolution of the former Soviet Union.

The accord, unveiled by Turkish President Turgut Ozal in Istanbul, groups Turkey with Russia, Ukraine, Moldavia, Georgia, Romania and Bulgaria, as well as the neighbouring states of Armenia and Azerbaijan which are without direct access to the Black Sea.

The formal agreement is expected to be signed in June, allowing Turkey and former Comecon members to revive trade links and to co-ordinate policy on issues from the environment and transport to telecommunications, infrastructure and fisheries.

Turkish companies are supplying digital switches to Azerbaijan, power to Bulgaria and are involved in construction work in Russia and Ukraine.

Turkish officials are also examining the possibility of a freeport at Trabzon to provide Armenia and possibly Azerbaijan with access to the Black Sea.

"We live around the same sea. It will be to our interest to develop the infrastructure," Mr Ozal said.

Turkey had extended more than $1bn (£560m) of export credits to the Soviet Union, but officials say all new loans are frozen while arrangements with republics are worked out.

The former Soviet Union represented a growing market for Turkey, with two-way trade worth about $1bn for the first eight months of 1991 – much of it underpinned by Soviet gas sales.

Turkey's total trade with the world exceeds $20bn.

Turkey plans to buy 4.5bn cubic metres of gas in 1992 from Soyuzgaz. But officials in Ankara are keen to conclude deals with Iran and Qatar in case of uncertain Russian supply.

A Russian official said Black Sea co-operation would help "regulate a situation which could otherwise become very messy".

- Greece and Turkey are restarting talks on bilateral disputes after a gap of several years, with the aim of signing a friendship treaty this summer, **Kerin Hope writes from Athens.**

The move follows a weekend meeting between Prime Ministers Constantine Mitsotakis of Greece and Suleyman Demirel of Turkey, both attending the world economic forum at Davos in Switzerland.

Greek officials said the agreement could be signed during a visit to Ankara by Mr Mitsotakis. He would be the first Greek premier to make an official trip to Turkey in almost 40 years.

However, the agreement could cause a rift in relations between Athens and Nicosia. Mr George Vassiliou, president of Cyprus, wanted Mr Mitsotakis to avoid committing himself to the treaty signing until the Cyprus problem had been solved.

Mr Mitsotakis conceded that Cyprus was an important issue but said it would be easier to reunite the island if Greece and Turkey were on better terms.

Germany recoils at Stasi moral snakepit

Many easterners feel the west is putting their whole society on trial, writes **Leslie Colitt**

WHEN EASTERN Germany's most prominent politician, Mr Manfred Stolpe, the respected prime minister of Brandenburg State, arrives in London for official talks tomorrow he will be closely followed.

Not, as he might have been when he was a dissident churchman under the communist regime, by the dreaded Stasi secret police, but by a growing all-German controversy about ordinary East Germans' secret contacts with the dark agents of the morbidly distrustful dictatorship that ruled them.

It is a controversy that claws at the soul of a still divided Germany and threatens to further alienate east and west.

Pastors are charged with having informed on their congregations, members of the anti-communist opposition on each other – including a husband on his wife – and a leading footballer is alleged to have kept the Stasi informed about his team mates at Dynamo Dresden.

And Mr Stolpeis at the centre of the controversy. The former senior Protestant Church lay official recently disclosed to an astonished nation his nearly 30 years of contacts with the Stasi. But he argued that the Church had no choice in its efforts to wring humanitarian concessions from the communist leadership.

Some Germans claim the Stasi controversy is part of a necessary act of *Vergangenheitsbewältigung*, or mastering the past. Many east Germans, however, regard themselves as victims of a west German purification zeal which was notably absent after 1945.

East Germans charge that the Stasi revelations amount to a west German-led witchhunt. They see a western plot – which includes the Treuhand privatisation agency – to "colonise" east Germany by removing the last east Germans from responsible positions.

"The west wants us to believe that east Germany consisted of either the Stasi or its informers, that it was all bad," Mrs Ute Francke, a young anti-communist east Berlin doctor said.

Behind the bitter debate lie 200km of shelves containing Stasi files which were opened to the public on January 2. The Stasi syndrome escalated to an obsession when former opposition leaders were able to read their files. Their worst suspicions were confirmed as former colleagues turned out to be Stasi informers.

Enough unsavoury details emerged to give the files the reputation of being a moral snakepit.

If so, the files are simply "symptoms" of the illness produced by the East German regime, Mr Joachim Gauck, the German government's commissioner for Stasi files, said in an interview in his austere headquarters.

Mr Gauck, who was a co-founder of the New Forum opposition movement, is almost as controversial as the files. The gaunt pastor is accused of presiding like an "inquisitor" over the files and indiscriminately using them to determine the guilt of alleged informers.

He admits the files are flawed – incriminating records of prominent east Germans were erased in late 1989. But the files were not the only criteria for determining a person's guilt, he said.

"My job is to answer 15 questions on a formula and it is up to the requesting office to decide whether to exonerate or incriminate the person and to what degree."

Mr Gauck, however, has been attacked for insinuating that Mr Stolpe and other individuals would have a great deal of explaining to do about their Stasi contacts. He insists that he made such comments to the media as a "private person".

Mr Stolpe, in disclosures in Der Spiegel news magazine of his Stasi contacts, argued that everyone needed to ask himself whether he had worked "too closely" with the authorities and in some cases perhaps even "hurt someone else".

To many it was an honest, if somewhat muddled, quest for the truth by a man who had helped gain the release of East German prisoners and rejoin families in divided Germany while protecting the east German opposition. But it was seized on by others as an attempt by Mr Stolpe to grab the initiative before damaging information on him was found in the files.

GERMANY'S economic slowdown was underlined yesterday by the latest industrial production figures, showing a 3 per cent drop between November and December last year, writes Quentin Peel in Bonn.

The sharpest falls were in construction and manufacturing, although there was growth in consumer goods and food production, according to the seasonally adjusted figures.

A comparison of both November and December with the two previous months suggests a less drastic slowdown of about 1 per cent, while the year-on-year figures for the same two months put the slowdown overall at just 0.3 per cent.

Leslie Colitt adds: East German unemployment rose to nearly 17 per cent last month, from 11.8 per cent in December, according to the Federal Employment Office.

The increase – equivalent to more than 250,000 unemployed – partly resulted from the ending last month of short-time work for many employees. But the basis for calculating unemployment also changed; previously, 8.8m people were considered capable of gainful employment but this was lowered to 7.9m.

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IBM returns to India for joint computer venture

By K.K. Sharma in New Delhi

IBM World Trade Corporation of the US and Tata Industries have launched a joint venture in India to make computer systems, along with software development, in which each will have an equity of Rs260m (£7.1m).

The joint venture will be known as Tata Information Systems but IBM representatives maintained yesterday that their commitment to the company was total. Its products will bear the brand name of IBM. The company will be registered in Bangalore.

The joint venture marks the return of IBM to India after 15 years. It wound up its operations in 1978 when it was asked to "Indianise" its ownership under the Foreign Exchange Regulation Act (FERA), which governs foreign investment.

At the time, IBM's worldwide policy was that its subsidiaries in other countries should be fully owned by it. Rather than partly "Indianise" its ownership, it chose to withdraw from India.

Since then, the attitudes of the Indian government and of IBM have changed. FERA provisions have been changed and an equity ownership of 51 per cent is allowed to foreign companies under the new foreign investment policies. Equally, IBM has started joint ventures in other countries without insisting on full ownership.

IBM's return to India is considered a breakthrough by the Indian government. It considers it a sign that its liberalised foreign investment policy is becoming acceptable.

IBM is making a direct investment of Rs260m under the new policy framework. The joint venture will manufacture high end microprocessor systems.

Other IBM products will be taken up in response to market opportunities. Both system and application software will be developed for export and the Indian market.

The focus will be on OS/2 and AIX/Unix operating systems. The initial project cost will be about Rs850m and will be funded by equity from Tata and IBM as well as long-term loans. The initial import of capital equipment will be covered by IBM's equity contribution.

Competition role for Gatt urged

THE strong role in drafting and enforcing international competition rules advocated for Gatt by Sir Leon Brittan, EC competition commissioner, in Davos, Switzerland, yesterday, accords with current thinking in Gatt itself on its future role and concerns. Frances Williams reports from Geneva.

Mr Arthur Dunkel, Gatt director-general, has said he believes its two most crucial issues in the next decade will be the link between trade and environment and an extension of international competition rules. A bigger role for Gatt in the competition field would follow a successful end to the Uruguay Round, where for the first time, international disciplines governing domestic policies and cross-border trade have been discussed.

The draft "final act" of the Uruguay Round envisages a Multilateral Trade Organisation (MTO) to administer Gatt and the proposed accords on services and intellectual property protection. This would come closer to an International Trade Organisation mooted in 1947 which as well as supervising Gatt would have had responsibilities for regulating international competition in restrictive business practices, investments and commodities.

Putting risk reality back into export cover

David Dodwell on the new ECGD chief's commitment to discipline in trade financing

MR BRIAN Willott, newly-appointed head of Britain's export credit agency, the ECGD, has declared that his leading international aim is "to get premium rates raised to reflect the reality of debt liabilities".

The commitment sweeps him to the heart of one of the most controversial – and intractable – issues in export finance. It will be greeted with hollow laughter from British exporters who complain that they suffer a severe competitive handicap while the UK holds a solitary position among OECD exporters in forcing export insurance premiums up to match risk levels more accurately.

For many UK exporters, the villain of the piece is the portfolio management system (PMS), introduced by the Treasury in May last year to impose discipline on export credits to risky markets, or those where exposure is substantial.

ECGD staff admit that PMS has led to higher costs for premiums to risky markets. They also admit that costs average between one third and two thirds more than premiums charged by European competitors. Exporters would argue further: that cover in many risky markets is either unavailable or costs two to three times as much as it does on the continent.

While it is far too early to signal to cynical exporters that a breakthrough is in sight, there are nevertheless signs that foreign export credit agencies – among them Italy's Sace, France's Coface, and Germany's Hermes – are becoming increasingly anxious over the potential liabilities they face as a result of their comparatively lax policies.

In addition, an OECD study due for completion in April will for the first time allow accurate comparison of the 24-member industrial countries' export credit insurance policies: enhanced transparency is expected to make national treasuries more starkly aware of the potential cost of existing policies. It is more doubtful whether stark awareness will prompt the sort of policy changes Mr Willott strives for.

However, said Mr Willott last week, "revealing the facts will generate a fair deal of pressure".

"We are not saying that premium rates should necessarily be identical in every country for every agency. What we would be looking for is a regime that gave a reasonable assurance that, over a period, the agencies are to break even, taking one year with another. That must mean that other premium rates come closer to us."

Willott: eye on liabilities

Most openly alarmed is Germany's finance ministry, which until recently gave struggling manufacturers in the former eastern Germany "no questions asked" export credit cover for sales to the former Soviet bloc.

The government had found itself in a vice: without the ability to continue exporting to old markets in the east, many east German manufacturers faced almost certain closure. At the same time, the exposure of Hermesto former Soviet republics has risen to DM29bn (£10bn). Outstanding untied government credits to the former Soviet republics, coupled with credit approvals given in principle, lift this to DM63bn. Even more alarming, the government faces a DM70bn backlog in applications for insurance cover to these markets. This compares with a gross exposure by ECGD to the former Soviet republics and Yugoslavia of no more than £1bn.

Close behind Germany is Italy's Sacewhich says its exposure to the former Soviet republics totals L5,600bn (£2.6bn). Most of the agency's exposure represents a conscious policy of encouraging trade with countries from which Italy imports large quantities of energy supplies and with which there are substantial trade deficits that need balancing. This has meant that Sace has provided cover where other leading industrial countries have slammed the door.

Argument between Sace and the Italian treasury over how to treat Soviet risk provoked the resignation in February last year of Mr Mario Sarcinelli, the Sace chairman. The debate centred on whether premiums should be raised to cover increased risk and whether Sace should guarantee 100 per cent or merely 90 per cent of the risk. Premiums have since been raised by 20 per cent, and only 90 per cent of risk is covered.

Sace expects to pay out indemnities worth L2,400bn, with provisions for a further rise to L2,800bn in 1992. It has been obliged to seek L1,800bn in extra funds from the treasury in the 1992 budget to make up the growing shortfall between indemnity payments and income from premiums.

Sace and the Italian government are under pressure from Brussels to create greater transparency to ensure that political risk cover is not a disguised form of subsidy. Nevertheless Mr Roberto Ruberti, the new head of Sace, told reporters recently: "ECGD's policy of portfolio management system, which closely relates premium to risk, would not be acceptable here. It is the only agency to have adopted such a rigorous policy, and the competition is now taking advantage of it. Italy is saying 'No' to PMS unless the rest of the world follows."

France's export credit agency, Coface, which along with Sace has a reputation for offering the cheapest export credit cover in Europe, also acknowledges that past policies cannot be maintained. One adviser noted: "We should put up the rates – but even if you double rates, it becomes prohibitively expensive, and still doesn't raise enough money to cover funding costs."

Tatar Republic in accord to build ICL computers

By Alan Cane

MIDRANGE computers designed by ICL, the UK-based manufacturer owned by Fujitsu of Japan, will be built in the Tatar Republic under terms agreed last week by Mr Muhanmat Sabirov, the prime minister, and Mr Peter Bonfield, ICL chairman.

The agreement commits the Tatar Republic, an autonomous republic within the Russian federation, to financing the import of ICL computer components between 1992 and 1994.

The components will be assembled into ICL's advanced "Risc" computers by ICL-KMECS, a joint venture which ICL established last year in the republic with the Kazan Manufacturing Enterprise of Computer Systems (KMECS).

KMECS was the second largest supplier of computers in the former Soviet Union, manufacturing Soviet-designed "Riad" mainframe systems. Since the fall of the union, local computer manufacture has collapsed. So far the ICL-KMECS venture has been a distributor of fully assembled systems.

The computers to be built in Kazan will be sold and supported throughout the former Soviet Union, ICL said.

Established there for over 25 years, ICL was in 1968 the first western information technology company to be accredited to establish a Moscow office.

The machines will be of "open systems" design based on advanced processing chips and the Unix operating system.

Freer car market in Peru backfires for Nissan, Toyota

By Sally Bowen in Lima

TRADE liberalisation measures have done what Maoist terrorists, sabotage, hyperinflation and death threats failed to do: forced Nissan to close its 21-year-old Peruvian assembly operation.

Nissan Motors, Japan's second largest car maker, indefinitely suspended work at its Lima plant on November 4. "The government clearly considers Peruvian industry is in no position to produce cars," Mr Carlos Chiappori, president of Peru's Nissan works, said.

Vehicle assembly in Peru has fallen since the early 1980s when Nissan's output reached 9,500 units a year, mainly cars and pick-up trucks. Then, as successive governments opened the country to imports, cutting protective tariffs, the slide began. In its last full year of operation, Nissan assembled a mere 560 vehicles.

Toyota started assembling the Corona model locally in 1967. Peak Peruvian output came in the late 1970s when Toyota produced 7,000 cars a year. In 1985, in a shrinking local market, it diversified into assembling the Hi Lux minibus, popular as cheap transport in Lima.

"From 1985 we were neck-and-neck with Nissan here in a dying market," a Toyota representative in Lima said. "But after a brief upswing in 1986-87, it's been downhill ever since." The last Peruvian-assembled Toyotas rolled off the production lines last July. The motor manufacturers blame labour costs and an obligation to buy certain high-priced local components for their inability to produce locally-assembled cars at a reasonable price. Security, too, is an expensive extra in Peru: 10 per cent of total costs, Toyota estimates.

A 1987 attack by Sendero Luminoso guerrillas damaged Nissan's plant. It has been made "terrorist-proof", but Sendero slogans threaten "Japanese imperialists". The coup de grâce for the Peruvian assembly industry came when economy minister Carlos Bolona slashed import tariffs last March. Overnight, effective protection for Peru's car-assembly industry fell from 65 per cent to 15. With finished vehicles and parts coming in at the same tariff, the assembly business was doomed.

"Government policy may be correct, strictly speaking," says Mr Chiappori, "but Peru needs one thing above all: work". He limped on until November while parts in stock lasted, then cut his workforce of 660 to 100. Installation maintenance continues, but Nissan sees little prospect of re-opening. Toyota has reduced its 320 Peruvian employees to 146, most working in spares and service. But a tenth of the company's installed capacity has been turned over to making truck superstructures and high-tech "jigs".

These test initial chassis assembly. Peruvian technicians have been trained in Japan, and finished jigs are exported to Toyota assembly plants in Colombia and Venezuela. "It's company policy to maintain a minimum activity here," a Toyota spokesman in Lima said. "While external conditions can still change, especially with regard to import tariffs, there's always a chance of re-opening."

'Government policy may be correct, strictly speaking, but Peru needs one thing above all: work'

That chance hinges mainly on the Andean Pact. Negotiations over a common external tariff bogged down late last year, with Colombia and Venezuela pushing for a protectionist 40 per cent tariff on finished vehicle imports and 5 per cent for CKD (complete knocked down). Peru, now the pact's main devotee of economic liberalism, is certain to refuse to apply such a high tariff, although a 25 per cent differential rate is an outside possibility, Toyota says. Talks should be complete by late February and the fate of Nissan and Toyota local production sealed.

Beneficiaries of Peru's liberalisation are Mexico and Japan. Toyota expects to import 5,000-6,000 light vehicles this year, all from Toyota Motors Japan (which together with Mitsui owns 98 per cent of the Peru operation). Nissan will import a similar quantity, mostly from Mexico. Mr Chiappori says: "We started assembling here about the same time as Nissan Mexico. Now they have capacity to make 300,000 units a year, and we're closed."

Egypt and Sudan in oil dispute

By Tony Walker and Shahira Idris in Cairo

EGYPT AND Sudan have become embroiled in a border dispute over oil exploration in the Red Sea, and the argument seems likely to complicate already tense relations between Cairo and Khartoum.

Egypt has advised all international oil companies that Sudan has no authority to sign exploration agreements for acreage north of their "political" boundary delineated by latitude 22 degrees north under an 1899 treaty.

Egypt was reacting to an agreement signed last month between Sudan and the Canadian-registered International Petroleum Corporation for seismic work in waters north of 22 degrees in an area Egypt claims as sovereign territory.

Sudan, however, believes an "administrative" boundary, agreed in 1902, which runs north of the political boundary, entitles it to allow exploration north of 22 degrees.

The dispute could hardly come at a more awkward moment, with relations between moderate rulers in Cairo and the Islamicist-dominated military regime in Sudan under severe strain. It also coincides with reports of recent troubles between Egyptian and Sudanese patrols in the triangle formed by the "political" and "administrative" boundaries.

The "political" boundary came into effect with the Anglo-Egyptian condominium agreement of 1899. It was followed three years later by an amendment that gave Sudan administrative responsibility for tribes north of 1899 boundary in the east.

Egypt was given responsibility for a small section south of the line about half-way between the Red Sea coast and the Nile.

It is unclear whether the "political" or "administrative" boundaries have international boundary status. This issue may in the end require international jurisdiction.

In the meantime Egypt, which is keen to promote offshore exploration in the Red Sea, is offering a large block which runs south to its "political" boundary with Sudan, and in fact includes acreage targeted for exploration by International Petroleum.

In Geneva, International Petroleum said it was planning to go ahead with its seismic survey in its 10,000 square kilometre Halaib block. A spokesman said that until the Egyptians had complained he had not been aware that the area was in dispute.

Egypt, through its embassy in Ottawa, informed the Canadian government, and through it International Petroleum, that it regarded exploration in waters off the area under dispute latitude as "illegal."

In Cairo, a spokesman for the Canadian embassy said the issue was under discussion with both Egypt and Sudan. He said the Sudanese were insisting they had a right to enter into exploration agreements for areas in their "administrative" zone.

Philippine parties forge new alliances ahead of poll

By José Galang in Manila

NEW ALIGNMENTS are being forged among the Philippines' diverse political groups as the Friday deadline for registration for the May national elections nears.

Over the past few days the Laban ng Demokratikong Pilipino (LDP), the strongest political grouping, has received a double boost.

First, a former chief justice of the Supreme Court, Mr Marcelo Fernan, announced he would be its vice-presidential candidate.

Mr Fernan, previously regarded as a strong contender for the presidency, should boost the stock of LDP standard bearer, House Speaker Ramon Mitra. Mr Mitra had lagged behind in popularity polls in recent months.

Yesterday, the LDP cause got further support from an unlikely ally – the opposition Nacionalista Party of Senator Juan Ponce Enrile and former senator Arturo Tolentino.

Although its members are currently split in three camps, the NP Enrile-Tolentino wing will form a coalition with the LDP for the May elections, in exchange for slots in the ruling party's line-up of candidates for the Senate, House of Representatives and local government positions, which are also at stake.

Mr Fidel Ramos, the former defence secretary who is the preferred candidate of retiring President Corazon Aquino, has meanwhile declared as his running mate Mr Emilio Osmena, the governor of Cebu province. Cebu has won national admiration for sustaining a buoyant economy amid a slowdown in most parts of the country. Mr Osmena's leadership is widely credited for the Cebu success.

However, the Cebu governor will be pitted against his younger brother, Senator John Henry Osmena who has also just been drafted as the vice-presidential candidate of Mr Eduardo Cojuangco under a separate wing of the NP. The Osmena family enjoys a substantial following in the southern Philippines, but the brothers' decision to run for the same position under rival banners could split this support to the benefit of the other candidates.

The family feud dates from the early 1970s when Mr John Osmena campaigned in the US for support for the then newly imposed martial-law government of former President Ferdinand Marcos. The Osmenas had opposed the re-election bid of Mr Marcos in 1969, and Mr John Osmena's U-turn did not sit well with the family.

There was a rapprochement in the mid-1980s when Mr John Osmena returned to the Philippines and campaigned in Cebu against Mr Marcos.

The affiliation of Mr Fernan and Mr Osmena with the two main political groups has narrowed the field of likely presidential candidates to eight.

Another prominent politician from Cebu, Mr Antonio Garcia de Escano, a successful businessman and also currently a member of the Cebu provincial board, is being considered as running-mate of presidential candidate, Senator Joseph Estrada, who gained popularity originally as a movie actor.

Others who are expected to file candidacy bids by this weekend are Vice-President Salvador Laurel, former immigration commissioner and agrarian-reform secretary Miriam Defensor Santiago, and Mr Marcos' widow Imelda.

Mrs Imelda Marcos, attempting to explain the source of the family fortune, said yesterday her late husband, Ferdinand, had found a treasure trove of gold bars during the second world war, Reuter reports from Manila.

She told a news conference her husband, who ruled for two decades until ousted in 1986, found the so-called Yamashita treasure when he was a guerrilla fighting Japanese forces and distributed some of the gold to his men.

The government says the Marcoses looted up to $5bn from the country. It has filed 54 civil and criminal suits against Imelda Marcos since she returned from exile last November.

Solicitor-General Francisco Chavez dismissed the claims by Mrs Marcos, a candidate for president in the May elections.

Kuwait tells banks to lift capital base

KUWAIT said yesterday its banks must either merge or raise their capital to internationally required levels after the government clears them of about $20bn (£11bn) worth of bad debts, Reuter reports from Kuwait.

"Although the solution to the problem of difficult debts will ease burdens... this on its own will not be sufficient to achieve reform in the banking and financial system," said Sheikh Salem Abdul-Aziz al-Saud al-Sabah, the central bank governor.

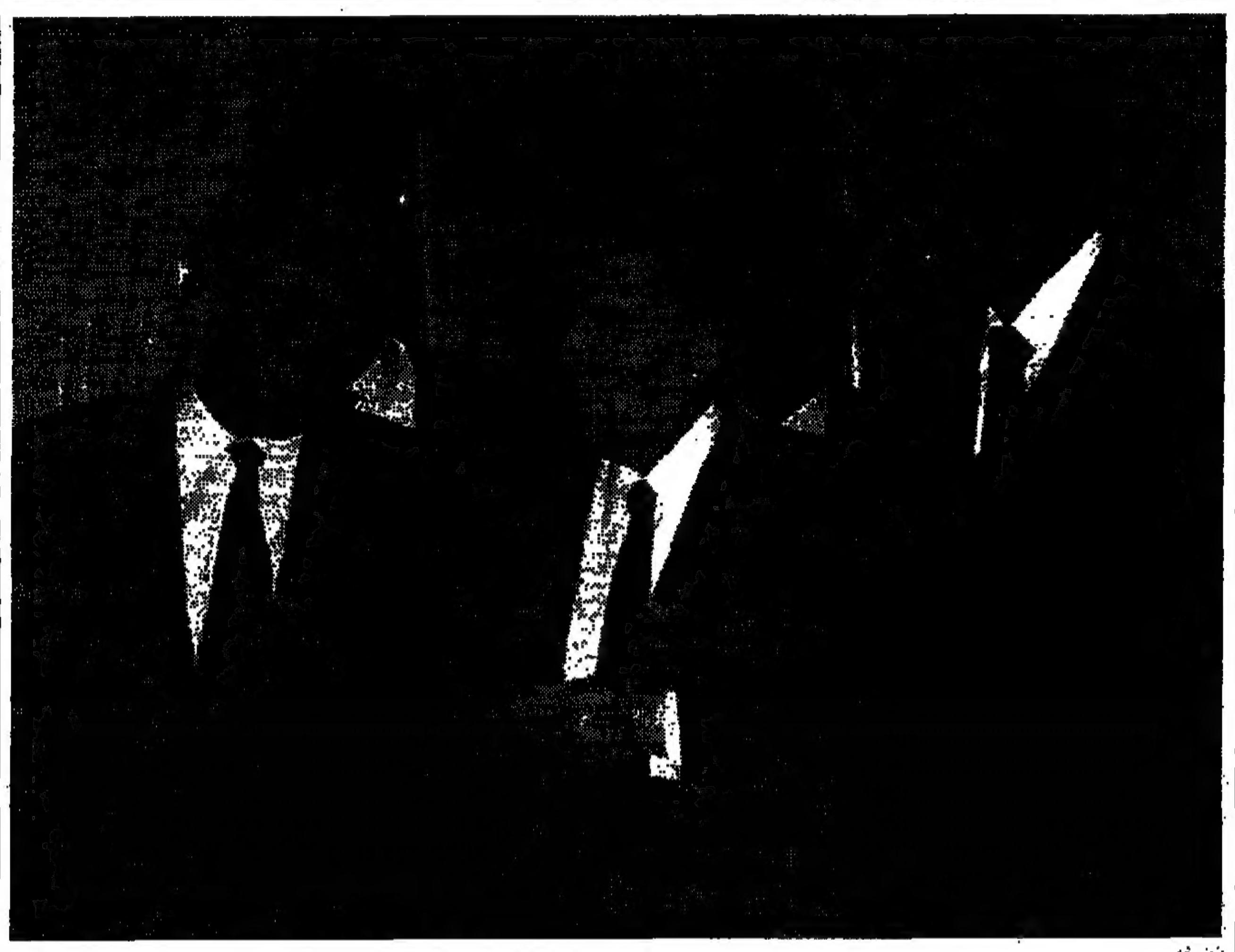
"Merging appears to be necessary... the units that do not favour merging will only have the option of increasing their capital base to required levels in conformity to international requirements," the Kuwaiti News Agency quoted him as saying.

Economists in the emirate said the step would force its eight commercial banks to merge because most of them were undercapitalised before Iraq's invasion on August 2 1990.

Sheikh Salem did not say what capital adequacy requirements Kuwait would set for its banks. But economists believe Kuwait and its partners in the six-nation Gulf Co-operation Council are likely to adopt the 8 per cent capital-to-assets ratio required by the Basle-based Bank for International Settlements (BIS).

Since US-led forces liberated it from Iraqi occupation last February, Kuwait has frequently said it would merge its banks into four bigger institutions to help them operate profitably.

The scheme has been held up because of delays in implementing a government plan to buy their debts by issuing bonds with a maximum 20-year maturity.



South African President F W de Klerk (left) and Mr Nelson Mandela, African National Congress president, flank French President François Mitterrand yesterday at an Elysée Palace lunch. In Paris they were joint recipients of the Félix Houphouët-Boigny peace prize awarded by Unesco. At the weekend the two shared a platform at the World Economic Forum in Davos. Mr Mandela used that occasion to reassure businessmen concerned about the prospect of nationalisation of industry in post-apartheid South Africa and made clear an ANC government would honour external debt commitments.

S African whites take to barricades

By Patti Waldmeir in Johannesburg

IT IS white South Africa's worst nightmare come true: thousands of black squatters are to be settled in the verdant Johannesburg suburb of Randburg, and the local white residents have taken to the barricades to keep them out.

Ironically, residents have turned to the black liberation movements for their strategy in opposing a plan to move 10,000 to 20,000 squatters to an area bordering one of Johannesburg's smarter suburbs. Reminiscent of street scenes in the black townships of the 1980s, Randburg residents have erected barricades out of barbed wire, tin drums and wood and decked them with banners reading "No squatters, not now, not ever".

Borrowing the language of the African National Congress, the members of the local resident's action committee proclaim their belief in "people power" to keep the squatters out. They say they will boycott taxes and rates, mimicking the successful strategy adopted by the anti-apartheid movement to defeat local councils in black townships. They plan mass street protests to keep their suburb squatter-free.

Residents insist they are not racist: wealthy blacks are welcome to purchase homes in the area, which includes middle-class homes of R130,000 (£26,000) to R180,000 and an area of expensive properties ranging from R500,000 to R1m.

Instead, the plan is to develop a vacant area of 44 hectares for low-cost housing – which in practice means providing serviced sites on which squatters will build makeshift shacks from corrugated iron, cardboard, wood and other scrap materials.

The dispute, which is now in the courts, highlights the tensions provoked by the abolition by President F.W. de Klerk a year ago of legal segregation of residential areas. Under apartheid, South Africa's cities were designed for whites; blacks were viewed as temporary sojourners, accommodated in what amounted to labour camps far from the city centre. Soweto, for example, is at least 25km from Johannesburg.

Now, with statutory apartheid gone, ways must be found to house blacks closer to potential jobs. So the Transvaal Provincial Administration has agreed to purchase vacant land in Randburg – near an industrial estate and a local commercial centre – and develop it for the resettlement of squatters currently illegally occupying a nearby farm, Zevenfontein.

The provincial authorities now say they are reconsidering the plan, in light of the Randburg residents' outrage. But with an estimated 2.5m people living in shacks or informal housing in the Johannesburg area alone, more conflicts of this kind can be expected. Whites hope that high purchase prices for housing will maintain de-facto residential segregation now that legal apartheid is gone; but the numbers are against them.

Recession leads to Australian import decline

By Emilia Tagaza in Canberra

A LARGE reduction in imports helped cut Australia's current account deficit in December to A$767m (£319.5m) in seasonally adjusted terms, almost A$1bn, or 55 per cent, down on the November shortfall.

Merchandise imports fell 16 per cent in December to A$3.8bn, reflecting the continuing recession. Exports remained almost unchanged, down just 1 per cent, resulting in a trade surplus of A$638m.

The improved current account results follow last week's announcement of a 1.5 per cent inflation rate in the quarter ending December 1991, the lowest in almost 30 years.

It is now thought almost certain that Mr Paul Keating, the prime minister, will announce additional fiscal spending in an economic statement on February 26.

Several lobby groups are pressuring the government to let the value of the Australian dollar fall before then.

During the last few weeks, the Reserve Bank has been propping up the currency at a value against the US dollar of about 74 cents.

Miyazawa queries US work ethic

MR Kiichi Miyazawa, the Japanese prime minister, in remarks likely to escalate the war of words between Japan and the US, told parliament yesterday he had long felt that Americans "may have lacked the work ethic," Reuter reports from Tokyo.

He told the budget committee of the House of Representatives: "Because so many American university graduates were recruited into Wall Street, the number of engineers in charge of developing goods has declined."

Mr Miyazawa made the remarks when Mr Kabun Muto, former trade minister, asked for his views on trade friction between Tokyo and Washington. "The problem lies in the management of US plants, doesn't it?" Mr Muto asked.

The prime minister added: "I think a similar case was found in Japan's bubble (economy). It is important to have the sweat on one's brow to produce added value."

The Foreign Ministry said later that Mr Miyazawa did not intend to criticise American people. An official said: "The thrust of what the prime minister said in the Diet (parliament) was...to stress, as a part of his economic philosophy, the importance of producing things and creating values by the sweat of our brow in our approach to work."

"The phrase 'work ethic' was used to explain such philosophy of work, and the prime minister regrets any misunderstanding which may have been caused."

● The White House later said that disparaging Japanese remarks about American workers were "not helpful" but they could benefit the US in the long run.

Mr Marlin Fitzwater, White House spokesman, said: "These kinds of comments are probably helpful in stirring the rages in all of us who want to compete, and show who the best work force really is."

Miyazawa: importance of sweat

NEWS IN BRIEF

Singapore growth expected to slow

SINGAPORE'S economy is suffering the effects of recession in the developed world and this year will be less successful than 1991, according to Mr Goh Chok Tong, prime minister, Reuter reports from Singapore.

"Our manufacturing and financial sectors, which depend heavily on external demand, will be affected," Mr Goh said in his message on the eve of Chinese New Year.

"Fortunately this will be counter-balanced by the prosperity of our Asean neighbours, which will help us through tourism and trade." The Association of South-East Asian Nations groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Mr Goh said Singapore was not in a recession but its economy was maturing and economic growth was moderating at a rate sustainable over the long term.

Investment commitments for the manufacturing sector rose to a record of nearly S$3bn (£1.03bn) in 1991, up 18 per cent.

Malaysian car import racket

Criminal syndicates are using Malaysian students and government officers overseas, mainly in Britain, to import luxury cars into Malaysia without paying import duty, Mr Anwar Ibrahim, the finance minister, said yesterday, Reuter reports from Kuala Lumpur.

"We have detained 95 luxury cars, mostly Mercedes Benz since 1991, whose registered owners are students and officers we know can ill afford them," Mr Anwar said.

Import duty on cars owned by government officers returning to Malaysia at the end of their tenure is usually waived while students are given concessions, the minister said. "I have directed the Customs Department to be stringent and not allow for any leaks in our taxation system. There will be no more waivers," he said.

Mr Anwar said Malaysia would reduce the import duty on locally assembled four-wheel drive vehicles.

Libya opens up N-facilities

Libya has told the International Atomic Energy Agency that all its nuclear facilities are open to inspection to prove it has no secret bomb-production project, Reuter reports from Vienna.

The IAEA said yesterday, after a visit to Libya by Mr Hans Blix, its director general, that the country had expressed willingness to co-operate fully with the agency in implementing safeguards against diversion of nuclear technology to military uses.

Mr Blix, who was received by Col Muammer Gadaffi, the Libyan leader, discussed western accusations that Libya was trying to produce an atomic bomb. He was given assurances that such reports were without foundation, the IAEA statement said.

India complains of slander

India yesterday accused Pakistan's senior diplomat in New Delhi of spreading slander and expressed concern at the motive, AP reports from New Delhi.

"The Pakistani high commissioner's comments have caused us deep concern. We find the kind of statement made by him on Jammu-kashmir unacceptable," Mr Aftab Seth, foreign ministry spokesman, told reporters.

Mr Abdus Sattar, the Pakistani high commissioner, accused the Indian government of "bludgeoning" people in Kashmir into submission. Mr Sattar was quoted in an interview with The Pioneer newspaper on Sunday that relations between the two traditional rivals were "midway between war and peace".

Ershad given extra sentence

The ousted president of Bangladesh, Mr Hossain Mohammad Ershad, already serving a 10-year jail term, was sentenced yesterday to three more years for illegally possessing Bangladeshi currency worth $600,000, Reuter reports from Dhaka.

Israeli hawk quits Knesset as dove

By Hugh Carnegy in Jerusalem

MR. Ezer Weizman, one of Israel's most colourful politicians, who helped negotiate the 1979 Camp David peace accords with Egypt, announced yesterday that he would retire from parliament at the general election in June.

Mr Weizman is a rare example of a once passionate "hawk" who over the years has turned into an equally passionate "dove," accepting that Israel must concede a Palestinian state in the occupied West Bank and Gaza Strip if it is to achieve peace with the Arabs.

Lately an MP for the opposition Labour party, Mr Weizman, aged 67, was once a defence minister for the ruling Likud party. Now he warns that Likud's hardline positions under Mr Yitzhak Shamir, the prime minister, will undermine the current Middle East peace talks and lead instead to war.

Mr Weizman is the nephew of Chaim Weizman, Israel's first president. As overall commander of the Israeli Air Force, he devised and ordered the devastating pre-emptive air strikes on Egypt that largely won Israel the 1967 Six Day War.

At that time he was a full-blooded believer in Israel's claim to rule the West Bank and Gaza. But his Camp David experience, and the deep respect it engendered in him for Egyptian President Anwar Sadat and his colleagues, set him on a different political path.

He left the Likud in 1980, joining Labour six years later after a failed attempt to build a mainstream party of his own. He was a cabinet minister until 1990. His articulate, no-nonsense style – in private often riotously foul-mouthed – endeared him to many.

He summed up his conversion in 1984. "We of the military raised an entire generation to be fighters. The generations to come will have to educate the people of Israel...to believe in the necessity of peace agreements between us and the Arabs. That's a lot harder than doing battle." To his mounting frustration, Mr Weizman has remained a marginal voice.

Feudal nonsense and monkey business ring in New Year

China's family planners fear baby boom in auspicious year – after low-birth Year of Sheep, writes Yvonne Preston

AN ANCIENT Chinese superstition that babies born in the lunar Year of the Monkey, beginning today, will enjoy good luck is bad news for China's family planners trying to hold the birth rate down.

Babies born in the Year of the Sheep, which has just ended, have always been considered ill-fated, especially girls who are said to be born to a life of bitterness and tragedy. The superstition is so powerfully held it contributed to an increased incidence of abortion and a lower birth rate last year.

Forty per cent of the births which should have occurred in 1991 occurred in 1990 – the more favourable Year of the Horse – or were put off until 1992, the Legal Daily newspaper reported.

Even city maternity hospitals were "idle", according to Beijing gynaecologist and obstetrician Professor Yan Renying, who told the China Population Newsletter she had seen nothing like it in 50 years of practice.

A low birth rate means a good job has been done, she said, but not if people were waiting to have a lucky "little monkey".

If the figures reflect delayed births on the part of deeply superstitious peasants and even urban parents seeking to maximise the life chances of the one child they are permitted, the number of births could soar in this auspicious Year of the Monkey.

The Chinese calendar, based on the phases of the moon, gives each year of a 12-year cycle an animal symbol. The Year of the Dragon is

especially favourable because of its association with emperors, and there are also years of the rooster, dog, pig, rat, ox, tiger, hare and snake.

Monkeys are blessed; they have a great ability to make money, are wise, sociable and witty; it would be hard to find a bigger success story than a monkey in a monkey's year ... or so the legend goes.

Choosing the most propitious time to have a baby, especially when couples can have only one, is so widespread that the Beijing Evening News published a long article at the beginning of the Year of the Sheep calling the superstition a lot of feudal nonsense.

It said many successful and famous Chinese had been born in the Year of the Sheep, and quoted mortality statistics for sheep years since the 1949 revolution – 1955, 1967, and 1979 – to show there had been no increase in the number of deaths during those years.

Younger women who reject such "feudal superstition" can find themselves pressured by their mothers and mothers-in-law. "They do not want us to have babies in the Year of the Sheep because they say girls born then will see their husbands die young," said the official China Women's Journal, quoting a young woman who was forced to have an abortion by her family.

Prof Yan, former director of Beijing's No 1 Hospital, says more babies born this year will put heavy pressure on available hospital maternity beds and create problems for "little monkeys" enrolling in kindergarten or schools, and later in finding jobs.

It is obvious from the newspaper reports and from ordinary Chinese that the old beliefs die hard. The communists have failed to wipe them out, though not for want of trying. Beijing people will tell you many believe nine out of 10 sheep babies are born to endure a life of tragedy.

In the often quite primitive countryside the superstition flourishes. Fewer than 50km from Beijing there are villagers who have never been to the capital, never seen a foreigner, and are prey to every ancient fancy passed on from one generation to another.

China's worried family planners remain fearful of the consequences of being unable to convince the population that all babies born under the same symbol are not necessarily destined for the same fate. Put your faith in science, Prof Yan advises. Don't rush to have a little monkey: Think of the problems it will create for the next generation.

China urged to improve rights

CHINA WILL have to improve its human rights record to achieve a thaw in relations with the European Community, Mr Anibal Cavaco Silva, Portuguese prime minister, told his Chinese counterpart yesterday, Reuter reports from Lisbon.

A Portuguese official said Mr Cavaco Silva underlined in two hours of talks with Premier Li Peng "that it was necessary for the Chinese government to give clear signals about the guarantee of individual rights".

Portugal is the current president of the European Community.

Li Peng and Mr Cavaco Silva also discussed the transition to Chinese rule of Macao, a Portuguese enclave which is due to revert to Beijing in 1999.

AMERICAN NEWS

Panama strongman was US ally, lawyer says

Noriega begins defence against drug charges

By Henry Hamman in Miami

LAWYERS for former Panamanian leader General Manuel Antonio Noriega opened his defence yesterday with the claim that he was a key US ally in the war against drug traffickers.

Defence attorney Jon May said in a federal district court in Miami that the defence would seek to show that Gen Noriega provided unprecedented co-operation to the US in its efforts to stem the flow of illegal narcotics into the country.

Gen Noriega, who was arrested by American troops after the December 1989 invasion, could get up to a 140-year prison sentence on drug and racketeering charges.

Mr May said defence witnesses would include three former administrators of the Drug Enforcement Administration, a former US ambassador to Panama, the former head of intelligence for the US army and two CIA officials.

Mr May said Gen Noriega's assistance had covered a number of areas, including:

- assistance in the seizure of drug ships on the high seas;
- assistance in identifying and apprehending people charged with US drug crimes;
- controlling shipments of chemicals needed for the manufacture of cocaine;
- seizure of money used by drug traffickers.

Mr May said there would be testimony regarding sensitive and secret joint operations by US and Panamanian law enforcement officers. Mr May described Gen Noriega as a trusted in US anti-drug efforts. He said the general telephoned or met Cuban leader Fidel Castro several times in the 1980s to discuss Central American political problems at the behest of US intelligence agents.

Following the opening statement the defence called the first of its witnesses, Mr Peter Bensinger, DEA administrator from 1976 to 1981.

The trial judge, Mr William Hoeveler, allowed Mr Bensinger to be treated as a hostile witness. Mr Bensinger has refused to discuss his testimony with defence attorneys before taking the stand.

The trial went into recess in December after four months so the judge could undergo emergency heart surgery.

More cuts in US defence spending sought

By George Graham in Washington

LEADERS of the Democrats yesterday took aim at the Bush administration's \$267.6bn (£147.8bn) defence budget proposal, unveiled last week, complaining that the Pentagon was too reluctant to cut its armed forces after the end of the Cold War.

Senator Jim Sasser, the Tennessee Democrat who chairs the Senate budget committee, led the onslaught, complaining that the administration's budget proposal would trim only 4 per cent a year from spending, compared with reductions that were already set at 3 per cent a year before the break-up of the Soviet Union.

"It would seem to many unbiased observers that the reward for peace is modest indeed," Mr Sasser said.

Governor Roy Romer of Colorado, the chairman of the National Governors' Association, urged President George Bush in a White House meeting to double the \$50bn savings he has planned on defence spending over the next five years.

Speaking at a budget committee meeting with Mr Richard Cheney, the defence secretary, and General Colin Powell, chairman of the joint chiefs of staff, Mr Sasser said the Pentagon's plans for reducing its force structure from 18 to 12 active army divisions and from 10 to six reserve divisions had been devised at a time when the Soviet Union was fielding 190 ground divisions.

The "base force" plan for 12 rather than 14 navy carrier battle groups was laid out at a time when the Soviet navy had 240 surface warships operating daily in international waters, he went on.

"Today, that entire Soviet fleet, which I frankly thought was greatly overestimated, save for the submarine force, is in port and is dry-docked. There's no fuel. There's no morale," Mr Sasser said.

But Mr Cheney counter-attacked, demanding that Congress give him greater freedom to make the defence cuts he wanted instead of compelling him to buy equipment he did not want, such as the experimental V-22 Osprey aircraft or the F-14 and F-16 fighters.

Mr Cheney and Gen Powell have argued that the base force structure they propose is the minimum necessary to ensure strong defence.

President Menem with a sheaf of police files on Nazi war criminals

Menem unveils Argentine Nazi files

PRESIDENT Carlos Menem of Argentina signed a decree yesterday opening to the public secret government archives on Nazi war criminals in Argentina, John Barham reports from Buenos Aires.

"Argentina had hidden for 40 years a truth that the world wanted to know," he said at an elaborate ceremony.

He decided to lift the veil of secrecy on the eve of a state visit to the US last November after members of the American Jewish community called on him to release documents that might throw light on Argentina's role in harbouring wanted war criminals.

Mr Menem has made great efforts to shed Argentina's reputation for anti-semitism and distance himself from the ruling Peronist party's pre-war Nazi and Fascist roots. He has also striven to improve relations with Argentina's 300,000-400,000 strong Jewish community and the Israeli government as part of his strategy of forging closer ties with western governments.

Mr Menem invited Jewish leaders, the Israeli ambassador and ambassadors from the Group of Seven, as well as cabinet ministers and head of the armed forces, to witness signature of the decree.

At least 15 prominent Nazis fled to Argentina after the second world war, including Adolf Eichmann and Josef Mengele, two of the most wanted Nazi criminals. They found a ready welcome in Argentina under President Juan Perón.

Jewish organisations say Perón issued passports to thousands of Nazis, and subsequent regimes protected war criminals from Israeli and German extradition attempts.

US manufacturing decline continues

US manufacturing declined for the second month running in January, according to figures yesterday from the National Association of Purchasing Managers, Michael Prowse reports from Washington.

The association said the Purchasing Managers' index – a closely watched gauge of industrial conditions – registered 47.4 per cent last month. After revisions to previous data, this was the same level as in December and the weakest reading since last May, when the economy staged a partial recovery from recession. Readings of below 50 per cent indicate the manufacturing sector is contracting.

The low reading for the index follows a spate of gloomy data last week, including a 0.3 per cent drop in the index of leading indicators in December and a 5 per cent decline in new orders for durable goods.

"The economy drifted into 1992 at the same listless pace as it left 1991," said Mr Robert Bretz for the association. Manufacturers were reluctant to rebuild inventories because of doubts about the recovery. The association's indices for production and new orders were fractionally higher last month.

Export orders, while still positive, were the weakest for four years.

Chilean 'miracle-makers' for hire

Santiago's economic gurus are in demand, writes Leslie Crawford

MEET Chile's latest non-traditional export: the globe-trotting economic consultant.

With much of Latin America and eastern Europe seeking to emulate Chile's export-driven success, Chilean economists have never been in such wide demand. Confident, multi-lingual, generally US-trained and with a record of public service, they are advising countries which are beginning to tackle economic reforms on everything from debt management to how to set up private pension funds.

Most, but not all, are former luminaries of the 1973-1990 military regime. They include Mr Hernán Büchi, finance minister between 1985 and 1989 and acknowledged architect of the Chilean "economic miracle"; Mr Hernán Somerville, chief debt negotiator during the difficult years following the 1982 debt crisis; and Mr José Piñera, a former mining and labour minister who reformed the country's social security system.

Chile boasts an impressive record of firsts: it was ahead of Mrs Margaret Thatcher in the privatisation crusade; it pioneered debt-for-equity swaps as a way of retiring part of its \$19bn foreign debt; its private pension fund system, now 10 years old, manages more than \$9bn-worth of assets and has been a key factor in the development of Chile's capital markets.

Chile is also the only country in the developing world that has an independent central bank. "Chile has amassed a huge store of knowledge," says Mr Somerville. At a time when other Latin American debtors were using confrontational tactics against their creditor banks, Mr Somerville was bitterly criticised for sticking to International Monetary Fund targets and religiously servicing Chile's debt.

"Ours was a very lonely position," he recalls, "but by 1988 pragmatism had begun to reign. The old rhetoric was dead."

Chile was ahead of Thatcher's Britain in the privatisation crusade and pioneered debt-for-equity swaps with its creditors

The privatisation of Chile's steel, electricity, telecommunications, airlines, nitrates, sugar, and banking sectors have attracted streams of interested parties from around the globe. The Chilean experience is seen as more relevant to developing countries than the sale of state companies in Britain, which already had institutional investors and a sophisticated capital market.

What Mr Somerville emphasises when he talks about privatisations abroad is that Chile sold well-run companies, with proper balance sheets and real investment plans. "Before privatisation, Chile redefined the whole concept of how you run public sector companies. They learned to compete in an open market without subsidies," he says. In many countries, it is not a company that is being sold, just assets.

Mr Büchi's services are in such wide demand that he only spends two weeks a month in Chile. He has advised Czechoslovakia on privatisation, Paraguay on tax reform, Brazil on pension systems, Mexico on the planned sell-off of the electricity sector and Poland on bankrupt state banks. He writes a column in the Buenos Aires financial daily El Cronista Comercial. His think-tank, the Institute for Liberty and Development, recently invited 25 Soviet economists for a seminar on the Chilean economic model.

During his brief sojourns in Chile, Mr Büchi never loses an opportunity to criticise the present government's economic policies. Some say this is sour grapes, for Mr Büchi has never quite recovered from the blow of losing the 1989 presidential election to Mr Patricio Aylwin. Others believe Mr Büchi, who jogs 10km a day, is in training for the next presidential marathon in 1993.

Mr Büchi this year joined the extreme-right Union of Independent Democrats, which is carefully grooming his new public image. His latest political stunt was to leap up the 12 flights of stairs to his former offices in the Finance Ministry for a press conference in which he blamed the present incumbent, Mr Alejandro Foxley, of mismanaging public spending and causing a "loss of dynamism" in the Chilean economy. Mr Foxley dismissed this as political agit-prop. The government accounts are balanced, inflation is falling and the economy is on target to grow by 5 per cent this year, he said.

The toughest question these former technocrats of the military regime must answer when abroad is whether the strategies they pursued can be implemented in a democracy. Most elected governments would be unable to withstand a 15 per cent contraction of GDP and unemployment rates of more than 30 per cent that afflicted Chile in the early 1980s.

Critics of the Chilean model also argue that it has been unsuccessful in redistributing wealth. An estimated 5m Chileans, almost 40 per cent of the population, live below the poverty line.

Mr Piñera says: "What happened in Chile was not essentially the product of an authoritarian regime. What we had was a cohesive team of economists who sold the free-market model to the military."

Unlike other technocrats, Mr Piñera does not shy away from publicity or television cameras. Rather, he used television extensively to popularise his plans to privatise the Chilean pension fund system.

Drawing on his advice, Peru and Argentina recently announced plans to introduce private pension schemes of their own.

Mr Piñera believes the Chilean experience was the key to the change in economic thinking in Latin America.

SCOTTISH DEVOLUTION

Tories urge business to reject Labour tax plan

By James Buxton, Scottish Correspondent

MR IAN LANG, the Scottish secretary, yesterday called on Scottish businesses to speak out and declare their opposition to the UK opposition Labour party's plan for a tax-raising Scottish parliament.

Mr Lang, the Conservative cabinet minister with responsibility for Scotland, has also written to 50,000 Scottish businessmen and women warning them that in addition to Labour's plan for higher UK taxes, the proposed Scottish parliament would be able to raise the basic rate of income tax in Scotland by a further 3p in the pound.

A Labour government, he told the Institute of Directors at a lunch in Glasgow, would result in increased business rates by abolishing the uniform business rate and allowing councils to set their own non-domestic rate. The effect would be "catastrophic" for business, he said.

The constitutional debate in Scotland has been galvanised since an ICM opinion poll last week showed that a record 50 per cent of Scots wanted independence.

Another poll showed a drop of nine percentage points in Labour's standing in Scotland, a sharp rise for the SNP and a modest increase for the Tories.

Mr Donald Dewar, Labour's spokesman on Scottish affairs, blames Mr Lang for the rise in support for independence, attributing it to his repeated attacks on the plan for a Scottish parliament within the UK. Mr Dewar says these have polarised the Scottish constitutional debate into a choice between the status quo and independence.

Mr Lang said after yesterday's speech in which he made no reference to the SNP or independence that Labour's plans would lead to the separation of Scotland from the United Kingdom, which was the SNP's aim. He was not attacking the SNP because "Labour's bad enough".

Some observers argue that Mr Lang is playing a dangerous game by concentrating his fire on Labour. While a rise in support for the SNP may assist the Tories in some constituencies by taking votes away from Labour, it makes the SNP more likely to win Conservative seats such as Mr Lang's own Galloway constituency.

A number of Scottish Conservatives are urging the government to promise Scotland an assembly after the general election, or at least a referendum on Scotland's constitutional future.

Mr Lang indirectly acknowledged that there were differences among the Scottish Tories. "Every party has one or two people with their views. My stand is on the maintenance of the union and I think you will find that everyone in our party is agreed on that."

The SNP, meanwhile, delighted that independence is at the top of the political agenda, yesterday launched a new campaign with a party political broadcast featuring former James Bond star Sean Connery backed by a posters campaign.

The campaign is in line with the SNP's strategy of convincing Scots to find the self-confidence to vote for independence - and convincing them that they would benefit economically.

● Glasgow's economy, tourism and cultural life received a strong boost in 1990 when the city was the EC's European City of Culture.

The year, during which Glasgow provided an uninterrupted stream of cultural events, is reckoned to have created more than 5,000 temporary jobs and produced a net return to the regional economy of between £10m and £14m.

The European City of Culture accolade passes to different EC cities in turn, but Glasgow says it was the only city to provide an all-encompassing programme running for 12 months. Other cities to hold the accolade have provided concentrated programmes of arts events. This year's city of culture is Madrid. Last year's was Dublin.

A report by John Myerscough, a consultant specialising in the economic impact of cultural events, said there was an 81 per cent increase in visits by tourists to arts events compared with 1986.

Government set to limit warheads for Trident

By Alison Smith

THE UK government is expected to announce that, if re-elected, it will not be purchasing the maximum number of warheads for its Trident nuclear weapons system following criticism that Britain is dragging its feet on disarmament.

Mr Tom King, the defence secretary, is expected to make it clear over the next couple of weeks that the government would order fewer warheads than the maximum payload of 512 which can be carried by Trident submarine.

In the wake of the disarmament talks between the US and Russia, ministers are sensitive to charges that the UK is getting left behind.

Mr John Major, the prime minister, yesterday stood by the conservative government's customary stance of refusing, for security reasons, to indicate how many warheads that the UK would actually acquire.

In a statement, following President Yeltsin's visit to London and the United Nations summit in New York, Mr Major vigorously defended the government's refusal to approve a comprehensive nuclear test ban treaty.

King: pledge on warheads

"For as long as it is necessary for us to have nuclear weapons, we require the ability to test, and we propose to keep the ability to test," he said.

There was a welcome from Mr Neil Kinnock, the leader of the Labour opposition, for the government's enthusiasm for a stabilisation fund for the Russian rouble. But he expressed concern that the conditions for the proposed £280m export credit cover would be so strict as to make the cover unusable.

Mr Major said that the export credit guarantee cover was dependent on Russian membership of the International Monetary Fund, and an IMF programme being in place, and also on the Russian republic's continuing to meet its debt obligations.

The prime minister also faced concerted pressure from Labour MPs for the UK to meet in full its commitments to UN funding, and some Tory concern lest the UN might not have enough funding to carry out its enhanced peace-making and peace-keeping role.

Mr Major said he had drawn attention at the summit to the need to ensure the UN had the funds it needed, and said that the UK was one of the UN's foremost supporters.

Parties call for return to issues before election

By Alison Smith

THE THREE main political parties took a step back yesterday from the bitterness of the pre-election campaigning over the weekend, with appeals from party leaders for the political debate to return to the issues.

But there was still some fall-out over the claims that Mr Neil Kinnock, the Labour leader, had been "smeared" by a story in a Sunday newspaper giving details of a discussion he held with the Soviet ambassador in 1984.

Mr John Major, the prime minister, made it clear that he was keen that the election should be fought on policies rather than personalities.

For the Liberal Democrats, Mr Paddy Ashdown, the party leader, proposed an all-party meeting of the campaign managers to agree some ground rules.

Labour claimed, however, that the prime minister's attitude was belied by Mr Chris Patten, the Tory party chairman. Mr Patten yesterday wrote to Mr Roy Hattersley, Labour's deputy leader, challenging him to deny that a Labour spokesman had indicated that Labour would try to involve Mrs Norma Major in the election campaign.

There was some sign of a response to Mr Major's appeal in the muted reaction of Tory backbenchers during the prime minister's Commons statement on the United Nations summit. Tory MPs could have sought to use their questions to exploit the story, but the matter was not raised.

Labour still believes that the thrust of the Tory attack would be to denigrate Mr Neil Kinnock, the Labour leader.

Mr John Cunningham, the party's campaigns co-ordinator, said: "If they want to put a stop to personal abuse of the leader of the Labour party, why don't they do it now?"

Speaking on BBC radio he reiterated the charge that Tory newspapers were intent on damaging Mr Kinnock's credibility, but said that he believed the smear campaign had now been exposed. He added "we want to move on to the issues like education, housing and the National Health Service".

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Foot defends Soviet talks on nuclear disarmament

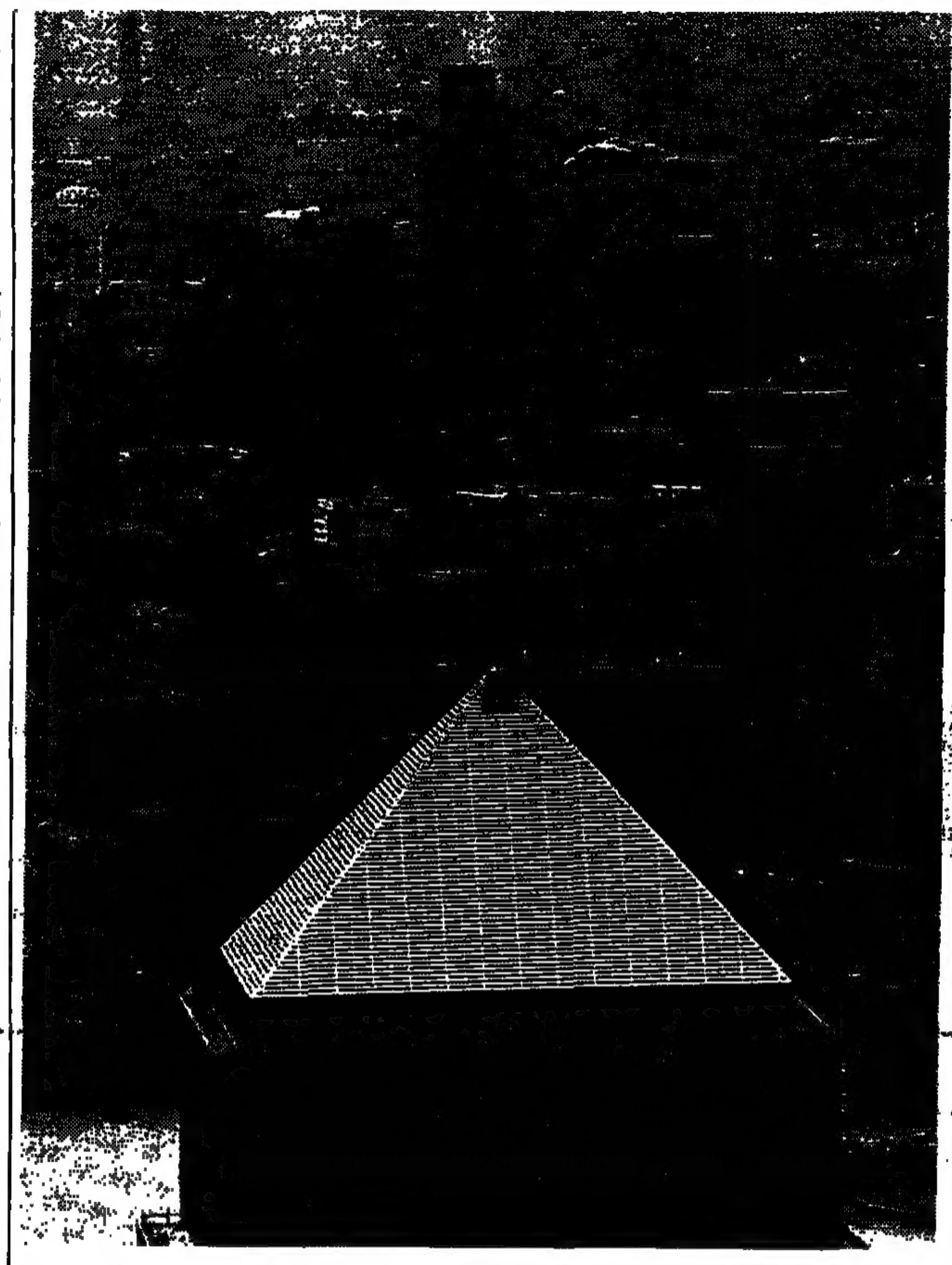
By Ivor Owen, Parliamentary Correspondent

MR MICHAEL Foot, the former Labour leader, last night defended his talks with the leaders of the Soviet Union in Moscow 10 years ago in which he unsuccessfully sought an agreement on the abolition of tactical nuclear weapons.

He insisted that far from being the "scandalous behaviour" alleged by some Conservative ministers and their supporters in the press it had helped negotiations forward.

Strongly condemning the way in which the Sunday Times had reported the references to the talks in archives obtained from the Kremlin, Mr Foot stressed that President Reagan had subsequently backed such an abolition of weapons in his "zero option".

Mr Foot maintained that Britain would still have to consider "what contribution it could make" to help the success of a a wider agreement on the non-proliferation of nuclear weapons.



Government revives scheme for London heliport

THE SEARCH for a central London heliport was revived yesterday as the government announced a 12 month study into possible sites, writes Daniel Green. The last proposal for a London Heliport, on the banks of the River Thames in the City of London, was blocked by the government in September on the grounds that the environmental disadvantages outweighed its benefits. The Confederation of British Industry said yesterday that the City of London, pictured above from the Canary Wharf office development in the London Docklands, needed a heliport to maintain its position as a leading financial centre against growing competition from other European capitals.

The study, announced by Lord Brabazon, the aviation minister, will consider suitable sites but will not recommend a specific location.

EUROPEAN WORKS COUNCILS

Brussels criticised over plans to reform union organisation

By David Goodhart, Labour Editor

WORKS councils planned under European Community legislation constitute a serious challenge to existing forms of union organisation in Britain, according to an official of the International Metalworkers Federation (IMF).

The European Commission is proposing to set up works councils in larger companies operating in more than one member state.

Under the scheme proposed by Brussles, companies would have to consult with local works councils on matters affecting employees.

In a paper delivered yesterday at Warwick University in central England, Mr Denis MacShane of the IMF warned: "There is a serious dispute currently taking place about who nominates British union representatives to Euro works councils and it is, as yet, unresolved."

Mr MacShane predicted that in spite of the British government's decision to opt-out of the European Social Chapter at the Maastricht summit last year more works councils would be set up in Britain.

Some British unions, however, dislike the German model for works councils, under which employees elect representatives. Instead, these unions would prefer for union officials to be appointed to such councils.

Mr MacShane predicted that British unions would increasingly have to adapt to a continental European system of rights for workers rather than unions.

"For the first time in 150 years British unions are faced with a serious challenge not in the name of strengthening capital but in the name of strengthening the workers," he said.

He also forecast that the dispute over works council representation would be settled by British unions accepting the German system.

"That will be an important step in the direction of accepting a dual-power system," said Mr MacShane.

The TUC's organisation committee is currently examining how to adapt British union structures to the works council system and is expected to produce a report for this year's congress.

Mr MacShane said that there are currently about 18 Euro works councils, although not all are recognised by the companies.

German strike ballot, Page 12

German institutes seen as UK research model

By Daniel Green

THE government and the opposition Labour party yesterday welcomed proposals to introduce an extra tier of research and technology institutions modelled on German lines.

The suggestion has come in an interim report from the Working Group on Innovation, an independent initiative set up last year.

The idea is to build a bridge between academics and industrialists. The report is yet to be approved by the Prince of Wales, who commissioned it from Sir John Fairclough, former chief scientific adviser to the cabinet.

Mr Peter Lilley, the conservatives government's trade and industry secretary, said yesterday that the proposals "will be very helpful".

Germany's Fraunhofer Institutes, which the report suggests as a model for Britain, were "one of the yardsticks against which to measure solutions for this country" adding, however, that "they do not necessarily provide a complete model".

His Labour counterpart, Mr Gordon Brown welcomed the report "which is in line with our commitment for designating innovation cities". The Labour Party intends to publish a policy document on technology transfer later this month.

Fraunhofer Institutes pay their way by doing contract research for industry. But their managing directors usually hold chairs at a local university and the institute laboratories are on campus.

Working at a Fraunhofer Institute is seen as a common halfway house for German science graduates moving into industry.

The final report is due out this summer.

Japanese employers suggest talks to dispel union fears

By Michael Smith and Jim Kelly

COMPLAINTS that industrial relations practice at some Japanese plants in the UK is "alien" have prompted calls for talks between British unions and Japanese employers on dispelling tensions over inward investment.

Following a recent visit to Japan, a delegation from the TUC, the umbrella organisation for UK trade unions, said the complaints, contained in a 1991 TUC Congress resolution, had been widely reported and "touched some Japanese sensitivities".

As a result Nikkeiren, the Japanese employers' federation, suggested that difficulties should be discussed with the TUC. Nikkeiren told the delegation that similar discussions have already taken place in the US following case studies at a number of Japanese plants, and these could be used as a model for a study of problems in the UK.

The delegation's visit and report, discussed by the TUC's international committee yesterday, follows the adoption at last September's TUC Congress of a motion which said several Japanese projects "have brought an alien approach to trade union organisations".

The TUC report said concerns were expressed "uncharacteristically forcefully" during last year's congress debate, especially over the so-called "beauty contests" among unions negotiating over single-union deals with Japanese companies.

Previously the TUC has played down the effect of the motion on Japanese thinking, and Japanese businessmen have avoided public criticism of the TUC's stance.

Yesterday's report, however, quotes the British ambassador in Tokyo as saying the resolution was interpreted in Japan as the first sign that perhaps Japanese investment was not welcome in the UK.

Since last September, the TUC has attempted to assure the Japanese that it welcomed overseas investment in Britain.

Yesterday's report – by Mr John Monks, TUC deputy general secretary, Mr John Edmonds, GMB general secretary, and Mr Bill Morris, general secretary-elect of the TGWU general union – says the TUC's reservations about the resolution were widely known in Japan.

The report points out, however, this had been "overshadowed by the fact that a motion with what appeared to them as crude anti-Japanese sentiments had been carried."

The UK union officials told Japanese business and union leaders that there was concern that beauty contests did not normally involve consultation with workers until after single union agreements were concluded.

They also pointed out that they usually contained provisions for avoiding any industrial action. This had led to charges that the agreements were undemocratic. The report says the explanations were generally accepted.

● The Trades Union Congress is likely to face criticism from the Government after a TUC committee the FDA civil service union against recruiting senior managers in the health service.

The committee said it saw no reason why other unions – including Nalgo, the public services union, which complained about the FDA's recruitment intentions – should accept requests from their members to transfer to the FDA.

The incident is politically sensitive because the government has said it plans to legislate to weaken the TUC's adjudication role in inter-union disputes by giving individuals a legal right to join the union of their choice.

BRITAIN IN BRIEF

UK executive tried to bribe Exxon agent

The managing director of a Wrexham engineering company has admitted bribing an agent of Exxon chemicals, the US oil company.

Mr Colin Stuart, who lives in Chester, north west England, pleaded guilty at Southwark crown court in London to a charge that he corruptly gave £7,000 in July 1990 as an inducement to Mr Robert Wanstall, a construction manager at Exxon.

The court heard that Mr Stuart had a series of meetings with Mr Wanstall at London's Inn on the Park Hotel in connection with a dispute over payment for petrochemical work carried out by Dutton engineering, Mr Stuart's company, for Exxon at the Fawley oil refinery in Hampshire. The payment was an inducement to Mr Wanstall to resolve the dispute quickly and favourably towards Dutton.

The case was adjourned for sentencing.

Unionists seek tougher security

Ulster Unionist politicians have stepped up their campaign for tougher security measures in Northern Ireland after a 48-year-old Protestant delivery man was murdered by the IRA in Dungannon.

Mr Gordon Hamill was shot dead as he delivered bread to a crowded local supermarket. He was the seventeenth person, all civilians, to die as a result of terrorism in Ulster this year. His killing came 12 hours after the outlawed Loyalist Ulster Freedom Fighters shot dead 52 year old Catholic taxi driver Mr Patrick Clarke in front of his wife and six year old son in north Belfast.

There were fears last night that the latest killings could spark a series of tit-for-tat revenge attacks across the province. Mr Ken Maginnis, the Ulster Unionist security spokesman, launched an attack on current policy, accusing a "gutless government" of lacking the political will to tackle terrorism.

Vauxhall raises vehicle prices

Vauxhall, the UK subsidiary of General Motors, is increasing car and van prices by an average of 2.3 per cent, effective immediately. It is also increasing its standard delivery charge by £10, to £360.

The rise compares with increases averaging 3.7 per cent announced by market leader Ford last month, which had been widely expected to trigger a New Year round of price increases by most manufacturers and importers.

Vauxhall has attributed the increases to higher costs and specification changes.

Mayor bids for central bank

The Lord Mayor of London, Sir Brian Jenkins, has made a strong bid for London as the home of the future European Central Bank.

"The Bank's scale of operations will need the depth and liquidity of the London money markets to operate European monetary policy effectively", he told the Overseas Bankers' Club dinner. Also citing the size of the bank's global transactions, he said: "London's strengths make it the natural choice".

House prices 'fall by 1.1%'

Average house prices in UK fell by 1.1 per cent last month compared with December, according to figures published by Nationwide, Britain's second largest building society.

Demand from would-be purchasers, however, has increased since the New Year despite a further slide in prices according to Mr John Hutchinson, Nationwide's retail operations director.

He said: "Concerns regarding unemployment and general election uncertainty still need to be overcome before we can anticipate any long term improvement in the market which will, in turn, translate into house price rises."

Universities may merge

Leicester University and Loughborough University of Technology have agreed the first steps of a collaboration that may lead to a merger later in the decade.

Such a merger would be the first in the UK between two independent universities. The merger idea was floated last May and endorsed by the universities' senates. Since then working parties have examined how and whether to proceed with the idea.

Takeover at training group

Grand Metropolitan Trust, the training arm of the food and drinks group, has agreed in principle to take over Fullemploy, Britain's only ethnic minority training organisation, which went into liquidation last month.

The takeover, due to be formally announced on Wednesday, will secure Fullemploy's future after months of uncertainty caused by a funding crisis. Fullemploy's financial difficulties began with a series of moves designed to diversify its activities in the late 1980s. This prompted an investigation by the Charity Commission which found Fullemploy's management competent.

More job cuts at GPT plant

A further 250 jobs are to be axed at the GPT telecommunications plant in Nottinghamshire, central England,, the third batch of redundancies announced there in 12 months.

Three hundred jobs have already gone and the management said the latest cuts, to make the company competitive, will affect all areas and levels of the plant's workforce.

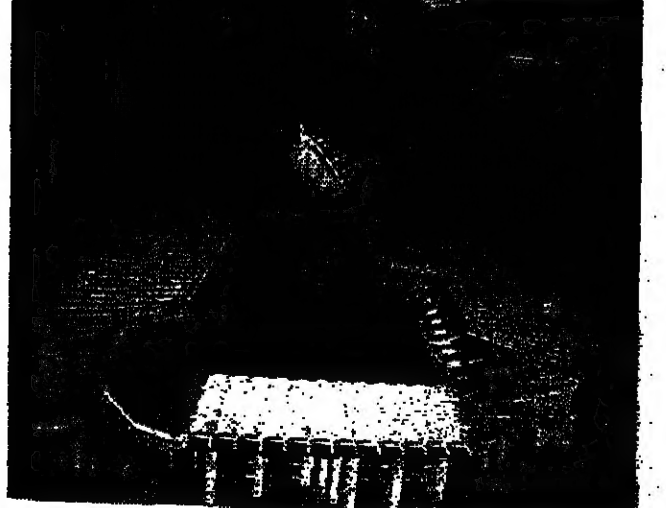
Oil exploration likely to drop

Oil exploration activity in the North Sea will drop this year when companies are expected to drill 155 exploration and appraisal wells, according to an annual survey by County NatWest Wood Mac, the Edinburgh brokers. This marks a 10 per cent decline from last year's levels.

Restaurant costs attacked

Service charges added to UK restaurant bills are "inappropriate and unjustified" and should be outlawed, according to the Consumers' Association.

The pricing policy in restaurants should be based on the principle of "what-you-see is what-you-pay," said the consumers watchdog, adding that the move would still leave people free to leave a tip. It will put its case for a ban on service charges at a meeting with officials from the Department of Trade and Industry today.



England rugby union manager Geoff Cooke shows off a model of Twickenham stadium, home of the game in England, as it will look after a £25m extension which won approval yesterday. When the old West Stand is replaced Twickenham will be one of the largest all-seater stadium outside the US – rivalling nearby Wembley

MANAGEMENT: The Growing Business

Taxation

Budget lament to Lamont

Charles Batchelor looks at what the lobby groups are demanding

Small businesses, one of the Conservative party's natural constituencies, have had little to thank the government for in the past two years.

Many of the small firms which started up so hopefully in the late 1980s have been swept away by the recession and the survivors have had to struggle hard to weather the storm.

Next month's Budget, which may be only a matter of weeks before a general election, will be an ideal opportunity for the chancellor of the exchequer to make up for some of the damage which his government's policies have done.

Not all the business organisations lobbying for tax changes make this point explicitly, but it is an assumption which underlies their budget submissions.

Norman Lamont showed himself to have a fine ear for the concerns of Britain's small firms in his first budget last year. He met a number of their complaints in a manner which was not too demanding on Treasury revenues.

Business lobby groups are hopeful that the imminence of a general election will make for even better treatment this time around.

Despite the fact that the different business pressure groups do not co-ordinate their campaigns, there is a remarkable degree of unanimity about the aspects of the tax system which they believe are due for a shake up:

● Inheritance tax is a popular target for lobbyists keen to establish a climate more favourable to family-owned businesses. The Association of British Chambers of Commerce calls for the abolition of inheritance tax while several other organisations urge relief to be given on business assets. The Forum of Private Business wants taxpayers to be able to defer the tax on business assets, including shares in private companies.

The *Institute of Directors* (IOD) describes inheritance tax as "a capricious tax on misfortune" and "a principal reason for the decline of family business in Britain". It calls for speedy government action, including an increase in the tax threshold and a reduction in the rate to no more than 20 per cent.

● Capital gains tax is a particular target of the British Venture Capital Association, which believes it is preventing managers in large companies from setting up in business on their own.

Pension funds, investment trusts and private investors who use the Business Expansion Scheme, all escape capital gains, the association notes. "The only ones who will certainly have to pay CGT are the ones who make it happen – the entrepreneur and his management team," it says.

The association, which won some concessions from the chancellor last year, wants more generous relief for entrepreneurs who sell their business, either by abolishing the present age limit of 55 and raising the starting threshold for the tax or by tapering the relief so that after seven years, gains would be exempt.

● Business Expansion Scheme investors may be better off in tax terms than the managers they back, but all is not well with the BES. The IOD wants the maximum amount which can be raised by trading companies (not involved in property investments) to be doubled to £1.5m.

The present limit of £750,000 has practically killed off the BES for non-property businesses because of the relatively high cost of raising smaller amounts of capital.

● An increase in depreciation allowances has been a regular feature of budget submissions ever since 100 per cent first-year depreciation was abolished in 1984.

Even the chambers of commerce, which believe that full, first-year relief distorts investment decisions, have been persuaded by the fierceness of the recession to call for an investment allowance to provide "a one-off kick-start to the economy".

● Corporation tax attracts a wealth of proposals. The Union of Independent Companies (UIC) wants small companies to be given a £10,000 tax free allowance, with the self-employed receiving similar relief from income tax.

The Forum makes a more modest plea for £5,000 of corporation tax relief, but asks for companies to be allowed to defer payment.

The IOD wants the extension of loss relief announced last year – permitting companies to carry back trading losses for three years instead of one year – to be made available to unincorporated businesses.

It also calls for the removal of an anomaly in the tax system which means that businesses pay 35 per cent corporation tax on profits of between £250,000 and £1.25m, instead of the 33 per cent general corporation tax rate.

● The introduction of the Uniform Business Rate has hit many small firms, particularly retailers in the south-east. The IOD wants an immediate freeze on the level of the rate.

Both the Confederation of British Industry (CBI) and the Forum call for businesses which should be paying lower rates – many of them manufacturing companies in the north of England – to get the immediate benefit of any reduction.

Because the rate is self-funding and the government has insisted on increases being phased in to ease the burden, reductions are similarly being brought in gradually.

● Finally, the burden of coping with taxes and excise duty. Administering VAT involves small businesses in a considerable amount of unpaid work on behalf of the government, recent research has shown.

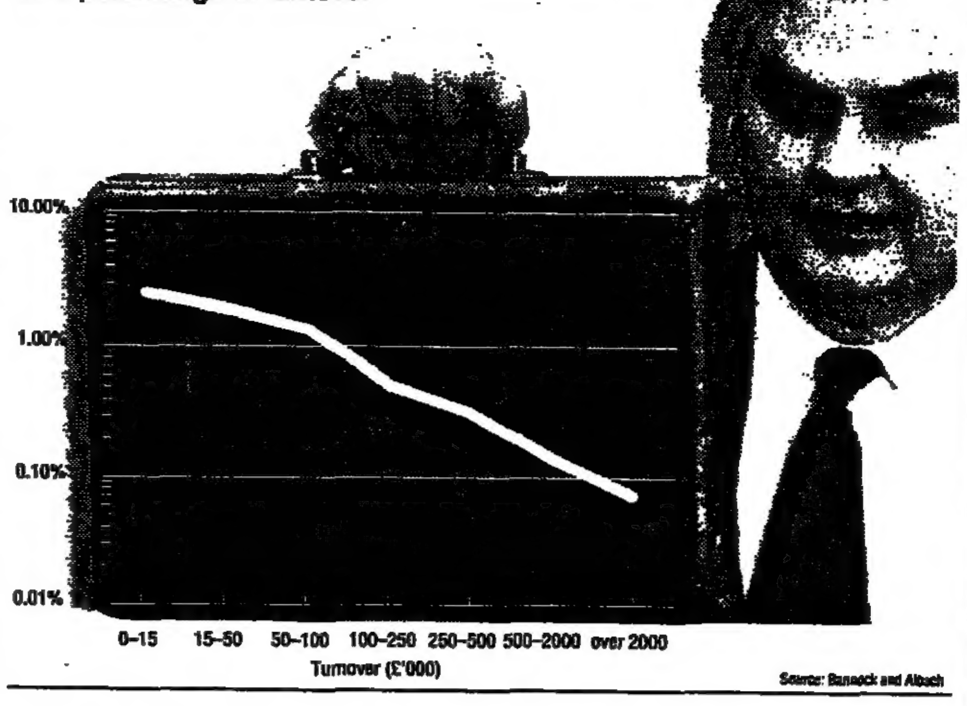
The Federation of Small Businesses wants the government to pay small businesses for the work they do. The Forum wants an increase in the threshold at which businesses start paying from £35,000 to £250,000.

Efforts to improve the climate for small businesses are hampered by the fact that the ministers and officials responsible usually have no control over matters such as tax and social security levies.

The annual budget therefore is the small business lobby's best opportunity to influence policy where it really matters.

To judge by their detailed submissions, they could not be faulted for not trying.

VAT compliance costs
as a percentage of turnover



Source: Bannock and Albach

New law will curb fly boys

Tough legislation to control fly-tipping will place an intolerable burden of red tape on small business, according to the Federation of Small Businesses (FSB). An estimated 350,000 businesses, many of them small builders, will be required to register under waste control laws which come into effect on April 1.

The new rules apply to all businesses which carry waste "for profit". Businesses are exempt if they are carrying only waste which they have produced themselves but this exemption does not apply to businesses transporting building or demolition waste.

The police will have powers to stop vehicles to check if they are registered and there are fines of up to £2,000 for failure to comply.

At the same time, businesses which produce waste will be required to check that the waste carrier is registered and must fill in a waste transfer note describing the type and amount of waste involved.

Some very large businesses involved in waste disposal are unaware of the new legislation while many small firms may also be ignorant, said Jeff Cooper, waste reduction officer of the London Waste Regulation Authority.

"We support measures to protect the environment but it is unreasonable to require a reputable plumber to pay a registration fee to take away an old sink in his van," said David Brown of the FSB.

The FSB objects to the £95 registration fee being applied to businesses, regardless of size, and says the answer to fly-tipping is to provide more rubbish disposal sites.

The federation wants David Trippier, environment department minister responsible for waste, to delay implementation of the laws. Ironically, as small firms' minister in the mid-1980s, Trippier lobbied hard to reduce the burden of red tape on business.

Leaflets 91 EP 0065 and 91 EP 0185 describing the legislation are available from DOE, PO Box 135, Bradford, West Yorkshire BD9 4HU. Free.

CB

How to bring the accounts to book

Explaining accountancy to the businessman or woman without a financial background can be a thankless task. However motivated they are to make profits, few are interested in the detail of how the numbers add up.

Despite the difficulty of the challenge, there appears to be no shortage of writers, not all of them accountants, keen to penetrate the mysteries of the accountancy trade for the benefit of the non-financial reader.

Accounting for Non-Accountants: A Manual for Managers and Students by Graham Mott (Kogan Page, 230 pages, £8.99) takes, as its sub-title suggests, a text book approach to the subject. Mott, a retired lecturer in financial management, plunges his reader rather more quickly into the complexities of financial records than the beginner would wish.

It is not immediately obvious why the non-accountant needs to be told about cost codes as early as page 12 when other more fundamental features of understanding accounts have yet to be tackled. Explanations are sometimes laboured with double entry bookkeeping initially described, not particularly helpfully, as having two aspects, a giving and a receiving aspect.

This heaviness of style and a tendency to present unduly lengthy sets of specimen accounts make this manual more appropriate for a classroom setting than for the manager struggling at home to improve on his accounting knowledge. There are, however, helpful test questions at the end of each chapter and a comprehensive glossary.

How to Master Finance: A No-Nonsense Guide to Understanding Business Accounts by Terry Gasking (Business Books, 226 pages, £9.99) adopts a brisker, more popular style. Gasking begins by drawing up a personal balance sheet before moving on to business accounts. Some readers may find this approach too simplistic; others may welcome a writer who really gets down to basics.

This guide does, for the most part, live up to its claim to provide a jargon-free explanation of how profit and loss accounts and balance sheets are prepared. The chapter on cash flow management provides a clear explanation of an area of considerable importance in a recession.

Understand Your Accounts: A Guide to Small Business Finance by A. St John Price (Kogan Page, 260 pages, £9.99) devotes even more space to the question of cash management alongside explanations of the profit and loss account and the balance sheet.

As the title suggests, this book sets out to do more than just introduce the layman to the complexities of drawing up accounts. It takes in a broad range of financial issues relating to the management of the small business, including how to persuade customers to pay their bills more quickly and how to price products for sale.

The author provides a straightforward guide to the main financial and accountancy issues which confront the small business owner, although the reader who simply wants to understand accounts might find some of its sections superfluous to his or her needs.

Understanding Company Accounts by Bob Rothenberg and John Newman (Kogan Page, 162 pages, £9.99) wins no prizes for originality of presentation but works methodically through the basic principles of accounting, P and L accounts, balance sheets and funds flow statements.

Where this book excels is in the clarity of its style which succeeds in opening up the conventions of the accountancy profession to the non-specialist reader. It is particularly good at explaining the implications of the numbers which appear in a business's accounts as well as the formulas by which they are calculated. Rothenberg and Newman, both accountants, manage to tread the fine line between patronising the non-accountant and assuming too much knowledge.

The present recession has exposed the weakness of many companies, large and small, in financial management. Too many small firms are content to leave the details of their finances to their accountant – sometimes with disastrous results. Business owners need to understand the numbers themselves if they are to be in full control of their affairs. Even a fairly basic understanding of the basis on which accounts are prepared will serve to keep the accountant on his toes.

CB

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Or Barrie Harding at the company on: Telephone: 0491 573555. Fax: 0491 410119

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TECHNOLOGY

Screen debut for journey into space

By Andrew Baxter

Football teams visiting British Aerospace's Woodford plant in Cheshire know all about the sloping pitch, but not even the home side realised until recently that they were playing on a parallelogram.

The revelation that one end of the pitch was 3m askew from the other came from a survey of the 480-acre site. Sophisticated electronic logging equipment charted the discrepancy in the course of plotting the site down to the nearest inch or two.

The survey was the prelude to a new computer-aided approach to managing the facilities adopted at the site over the past two years.

Manual drawings of the airfield and the assembly facilities nearby have been almost entirely replaced by a £200,000 computer-aided design (Cad) system from Isicad, a specialist in cable and facilities design, planning and management.

Mike Fursey, Woodford's facilities planning manager, says BAe is already benefiting from the Isicad system, particularly when investigating the implications of change anywhere on the site, part of the airlines division at BAe Commercial Aircraft.

Isicad's deal with Woodford took about two years to come to fruition, and illustrates the challenges for manufacturing companies in selecting the right equipment and software.

It also shows how the use of computer-aided solutions in more "central" areas such as product development and design – increasingly well-established over the past decade – are spreading quietly into support areas which have, until more recently, made do with their drawing boards.

Either way, one aim is to save time by cutting out laborious manual work. But, as has happened with the use of computer-aided design and manufacturing, the Isicad system goes beyond that: "It enables them [BAe] to do a hell of a lot that they would not have attempted before," says Gerry Berks, Isicad UK business development director.

One recent problem Fursey and his team were asked to address involved a proposal to turn a disused short runway into a parking space for aircraft. Calculating whether aircraft would have enough space to manoeuvre while adhering to clearance regulations would have been a task bordering on the farcical without the system, involving leaking paint-pots hung from the end of the wings to trace their path.

Instead, the Isicad system enabled the team to show within a day that the runway could be used as a parking space with minor widening. One of the benefits of such a system is the ability to take real measurements off the screen once the initial surveys have been completed.

The team at Woodford had decided early in 1988 that it could no longer cope with the site's scope and complexity using existing manual systems, and opted for a computer-based solution rather than an increase in staff.

With the help of the Advanced Manufacturing & Technology Research Institute, BAe decided that workstations powered by a minicomputer would be best for its needs, giving more power than a PC-based system, and more dependability than a mainframe for use at all hours.

The Woodford site now has two Isicad workstations. The entire airfield has been surveyed, along with most of a new assembly complex. Work is starting on including the flight sheds.

The system is proving particularly useful for office reorganisations. The time taken to produce agreed layouts can be reduced from three months to less than a week.

Comparative costings can also be provided at an early stage in a project's planning, as basic data on the cost of paint and ceiling systems are stored in the system.

Reorganising aircraft manufacture is a difficult business. Working out whether aircraft wings can be manoeuvred past stanchions and over low buildings might normally have involved laborious construction of full-sized cardboard mock-ups. With BAe's decision to move final assembly of the 146 airliner to Woodford, the implications of reorganised production can be explored more quickly on screen.

Paul Cheeseright describes a degree course designed to meet industry's needs beyond 2000

Engineers by design

A future British Aerospace technical director, taking up the job in the year 2010, might have been sighted recently in a teaching hangar at Loughborough University of Technology.

He or she would have been sitting on a plastic chair with back to an opened-up Jaguar fighter aircraft, listening to university staff extolling the virtues of their institution.

This putative director was an applicant for what the university, in its prospectus, cautiously describes as "a multi-disciplinary course aimed at preparing you for a career concerned with the design and project management of complex engineering systems".

What makes this course different is not only that BAe will be paying for it, at least for the first five years, but also that BAe and the university designed the course together. The undergraduate study is tailored to fit what Harry Thomason, the Loughborough pro vice-chancellor, called: "The concept of the kind of person BAe wants."

The group wants to create an elite of systems engineers, the next generation of technical leaders. "They're going to head the company," said Stephen Grigg, soon to be appointed as BAe's director of educational affairs. The first aspirants start their undergraduate studies at Loughborough next October and should emerge as technological polymaths in 1997. That, at least, is the hope.

The university claims that "this is the first-ever degree course to be designed from scratch for the needs of industry beyond 2000". Certainly it is a rare attempt to marry the intellectual rigour and independence, which traditionally have been the base of academic life, to the ruder commercial demands of industry.

Some universities would find the juxtaposition uncomfortable, but Loughborough historically has had a strong vocational bias; indeed, it and the Imperial College of Science and Technology, London, in a country with a notorious and chronic shortage of engineers, have the biggest engineering departments among British universities.

Loughborough and BAe enjoy a long history of co-operation. The donation of the Jaguar, precisely to enable students to understand how systems knit together, is testimony to that. The genesis of the new course was a private conversation between senior BAe executives and Thomason.

From this, it emerged that BAe could see the need over the next decades for a new type of engineer but did not believe that British universities could supply them.

The Jaguar fighter aircraft symbolises a spirit of co-operation between British Aerospace and Loughborough University

This new type of engineer is a systems engineer. Someone who understands, without being bogged down by detail, individual and specialised engineering practices and who has the ability to knit these practices together to create a system or series of interacting systems.

BAe hitherto has been creating its own systems engineers, explained Grigg. "It takes them off a variety of courses and converts them, in an ad hoc way." The Loughborough venture "turns the whole thing on its head. It puts into people a breadth of engineering and an integrated approach."

Instead of starting with the particular and going to the general, the general approach is adopted from the start, with reference to the particular.

The graduate from this course, once imbued with industrial practice, should be in a position to manage research and development teams by talking to and controlling specialist engineers. Products and systems as a whole will be designed by teams: the old approach of designing the separate bits and then trying to fit them together has gone for good.

Although BAe has been sponsoring students for years, it has never before so deeply committed itself to a university

But that is years away. Next October the first 50 students will start the course. In 1997 they will emerge as M. Eng. (Systems Engineering). Of these 50, 40 will be sponsored by BAe; the remaining 10 will be selected by the university through the normal university places clearing system.

There will be ample opportunity for BAe to decide whether it likes the students and for the students to decide whether they like BAe. Although the implication of sponsorship is that the successful graduate will join BAe, there is no contractual obligation on either side outside the course itself.

BAe will pay the students £1,200 a year on top of what would normally be received in grants, but the students will be expected to do vacation work and a year of work experience at BAe. When they are at BAe, doing this work, the students will be salaried employees.

Although BAe has been sponsoring university students around the UK for years, the better to secure its corps of engineers, it has never before so deeply committed itself to a university.

The teaching costs for each student will be £6,000 a year. BAe representatives sit on a joint committee with university staff to review the progress and content of the course. Alongside the undergraduate course, BAe is contemplating new grants for research projects at Loughborough.

But the benefits are not all one way. Given the present system of university funding, Loughborough would not have been able to start a new course without financial assistance from the outside; it simply does not have the money.

The University Funding Council will not support new courses until they are up and running, until there is proven demand. A university with a strong vocational tradition and expansive ambitions has therefore little choice but to forge partnerships with industry.

At the same time, the establishment of the course is a means of breaking down departmental fiefs: it is genuine mix of engineering disciplines.

The degree course will be managed by Roger Goodall, the head of Loughborough's department of electronic and electrical engineering.

But the course draws in seven other departments: transport technology, computer studies, mathematical sciences, human sciences, mechanical engineering, materials engineering and polymer technology.

Catching the radio tails

By Hugo Dixon

TECHNICALLY SPEAKING

Since BT's privatisation in 1984, the government has been searching for ways to crack the telecommunication group's local monopoly.

Providing telephone lines to people's homes has been the part of the market most resistant to competition and also the biggest cause of irritation to customers since they have no alternative if their lines are faulty or there is a dispute over bills. Mercury Communications has concentrated on servicing business customers and providing a long-distance service to residential customers over BT's lines.

Ministers now think they may have found the answer to BT's local stranglehold in a new technology, known as radio tails, which makes the final link to a customer's home by radio rather than the traditional cable. Ionica, a start-up venture based in Cambridge, was licensed to provide such a service last week.

Ionica plans to put aerials on people's roofs and transmit telephone conversations to and from the exchange using radio spectrum at around the 3.5 GHz frequency. Inside people's homes, there will be a wire and a socket just like BT's service.

Nigel Playford, Ionica's managing director, who formerly founded Cognito, the two-way paging company, argues that his service will be a low-cost alternative to BT's because there will be no need to dig up the roads and put in cables. This will also benefit the environment – the aerials will be only six inches high and so not an eyesore, while digging up roads causes havoc for traffic.

If these claims are borne out – and Ionica's coyness about how precisely its technology works makes this difficult to judge – there will be applications elsewhere, particularly in developing countries which are having to put in networks from scratch.

The technology could also have an impact on the balance of prices in the UK as Sir Bryan Carsberg, director general of telecommunications, has been quick to grasp. As part of BT's latest price review, which began last week, the company wishes to increase standing charges and make compensating cuts in call charges.

Assuming current technology, Sir Bryan accepts that there is a case for such "re-balancing" of prices because BT is losing money on providing telephone lines. But if Ionica's technology is successful, the value of BT's fixed network will have to written down substantially or, in extreme, written off completely.

Haven't we been here before? Isn't this what personal communications networks (PCN) and telepoint are supposed to achieve?

The difference between radio tails and PCN is twofold. PCN is essentially a cellular service, designed for people on the move, and therefore has the high costs associated with such a sophisticated technology. Radio tails are specifically designed for fixed locations.

Second, Playford argues that the quality of sound will be superior both because the phone will not be moving around and because putting aerials on people's roofs will give a better radio reception than with cellular.

As for telepoint, which has had a bad name since it flopped in the UK, the difference is that radio tails are specifically focused on the home environment. Telepoint was positioned as an alternative to a public call box.

Lastly, should there be one radio tail operator or competing ones? There is much to be said for competition but the problem will be to find the necessary radio spectrum.

The only sensible way of allocating the spectrum – which is a scarce national resource – is to auction it off to the highest bidders. It is about time that ministers dusted down their dossiers on the subject.

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COMPANY NUMBER: 02196290
PIKIT TOYS IN ADMINISTRATIVE RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured of the above named companies will be held at 43 Temple Row, Birmingham B2 5JT on Wednesday 12 February at 11.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors are only entitled to vote if:

(a) they have delivered to us at the address shown above, no later than non on Tuesday 11 February 1992, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Dated: 20 January 1991
David R Wilson
Joint Administrative Receiver

IN THE MATTER OF APEX CHARITABLE TRUST LIMITED
AND
IN THE MATTER OF THE INSOLVENCY ACT 1986

Registered Number 284 736
Nature of business: Education and Training of offenders
Trade classification: 41
Administration Order made 22 January 1992
Malcolm John London & Christopher John Hughes
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ARTS

Gertler: a story of doubt

At certain decent intervals the attempt is made to restore the reputation of the painter, Mark Gertler. The last was nine years ago, at the Ben Uri Gallery; the one before that, a touring show put together by the Minories at Colchester in 1971. This latest retrospective study has been organised by the Camden Arts Centre, which it now fills (Arkwright Road NW3, until March 8, then on to Nottingham and Leeds). Again, sadly, it just will not do, quite. The trouble is clear and simple enough: his own life. Intriguing and ultimately tragic, it was one of manifest talent and early promise followed by years of struggle, doubt and failure, both critical and financial. In the high summer of 1939, it ended in suicide, at the second attempt, at the age of 47.

Gertler came of a Polish-Jewish immigrant family lately settled in the East End. As with Epstein and Bomberg, his Jewishness was always to be a positive element in his work, though not always overtly so. He was handsome, bisexual and evidently charming, once he had overcome his youthful shyness. From his student days he enjoyed the interest of powerful friends and supporters, found largely within Bloomsbury and the broader circles of Jewish cultural life. He had been recommended to the Slade by William Rothenstein, where he was sponsored by the Jewish Educational Aid Society.

Later he was supported by the collector, Sir Edward Marsh, lionised by Lady Ottoline Morrell, at whose house at Garsington he became one of her wartime, pacifist coterie. He was an intimate of Lytton Strachey and his friends, and indeed had been the lover of Dora Carrington whom he had met at the Slade, who left him for Strachey. To be a painter in an essentially literary pool, Bloomsbury's most important painter even, is not all that much: small wonder that the circumstances of the life should so readily be entered as special plea for work so long decently obscured and disregarded.

Gertler had been a star pupil at the Slade, in a period of conspicuous stars, with such as David Bomberg, Paul Nash, Christopher Nevinson, Edward Wadsworth and Stanley Spencer among his contemporaries. While not following, with Bomberg, Wadsworth and the others, along Wyndham Lewis's Vorticist path, he was radical enough in his way, in those pre-war years, aware of the general work of the avant-garde. He was, if anything, closer to Spencer in his symbolist figure compositions, with their mannered and exaggerated groups, yet looking too at Matisse and Gauguin, seen at Roger Fry's post-impressionist exhibitions, for practical example.

Yet he had won prizes for his drawing in the academic Slade tradition, supposedly the best draughtsman since Augustus John though the line would continue quite as well in the hands of such as Strang and Kennington. The drawings shown here are fine, strong portrait studies, powerfully sculptural in their modelling, the studies of his mother oddly close both in feeling and likeness to those that Henry Moore would make of his own mother more than ten years later.

These are indeed the work of the gifted, conscientious student, just as there is the gifted, conscientious student in every generation. And it is precisely this quality that gives us pause. Here is Gertler as a young man, looking sensitively and intelligently now this way, now that and producing, it must be said, usually creditable and sometimes positively beautiful versions, but versions of something not yet, if ever, convincingly his own. This search for an authentic personal vision was to become increasingly desperate as his life went on and, quite as much as anxiety and ill health, was eventually to kill him.

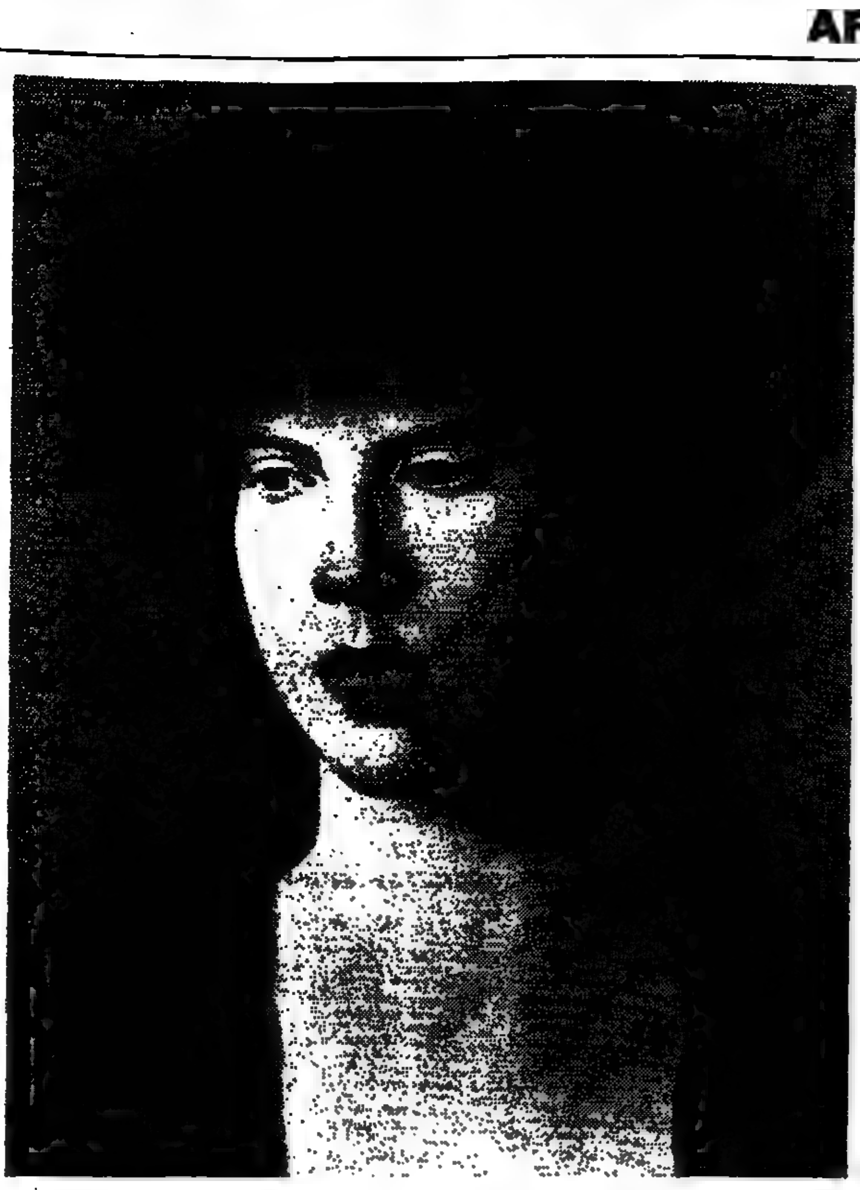
The irony is that it is in this early period, of the Slade and just after, when the work is most various and yet unselfconscious in its acceptance of other influences, that it seems most personal and true. The painting of his mother, of 1911, is a straight-forward essay in the way of the Slade and the New English Art Club, shades of Steer and Rothenstein, but none the worse for that. *The Violinist* of 1912 is no more than the head of a young woman with a mop of hair, set, as a Renaissance head might be, against a clear blue sky, could hardly be stylistically more different in its close and meticulous description. It is the single most beautiful image in the show, and so distinct as it might be by quite another hand.

There is no doubting the competence, again the good student. The composition is sound, the realisation unfailingly thorough whichever scheme or convention proposed. But always the more modest and straight-forward the work the better: the portrait that for all the mannerisms of handling and surface betrays a true, transcending interest in the sitter; the still-life that so engages the artist that he forgets himself, and his artfulness, in its complete and little world. The later the work, the more uncertain it becomes, a curiously decorative amalgam of Renoir and Cézanne misunderstood, or increasingly desperate reworkings of the painting then coming out of Paris, of Picasso especially.

I said, of the Ben Uri show in 1982, that it was easy to see how convincing he must have seemed in his early days, and equally easy to understand how desperate his sense of his own subsequent failure must have been. I thought those later paintings extraordinary, flailing exercises in pastiche, but not in any knowing or cynical way. Rather more poignant than that, they suggested a repeated and despairing effort to catch the secret of another's authentic vision. In this he inevitably failed, and stood revealed as a truly tragic, unenviable figure.

In the light of this latest show, I would moderate that judgment only for the "flailing exercises in pastiche", which is clearly unfair. For the rest, it stands. Gertler was an honourable, serious, sympathetic and persistent painter, but never the outstanding artist his apologists claim and he tried so hard to be.

William Packer


'The Violinist', 1912, by Mark Gertler at the Camden Arts Centre

London piano recitals

ST JOHN'S, SMITH SQUARE/QUEEN ELIZABETH HALL

Just under a year ago at the Wigmore Hall, French-Canadian pianist Marc-André Hamelin was Sophie Rolland's partner in Beethoven's cello sonatas. He offered a striking complement to her gentler muse: confident, big-boned, imaginative playing, perfectly apt for the young Beethoven, and yet always solicitous for the cello's softer voice. On Friday, his dazzling solo recital in St John's showed just how remarkable a pianist he is.

It consisted merely (merely!) of Schumann's *Carnaval* and the Concerto for Piano Solo by Charles-Valentin Alkan, that obscure, obsessive composer-pianist whose works took virtuoso writing almost beyond any performer's limits. Just getting through the Concerto with a decent proportion of the right notes, especially in public, is a trial so fearsome that hardly anyone tries. Even with a seasoned Alkan champion like Ronald Smith, the sense of reckless courage in the face of ever-present danger is a constant feature of the performance.

Hamelin's account of *Carnaval* was rich and satisfying, marked out with bold contrasts, interpretatively on sound, cultivated lines. His fingers were more than equal to all Schumann's demands (his "Paganini" was uncommonly brilliant), and he also scaled down beautifully for the small, intimate confessions. There were many things to admire and enjoy; but one was never actually *surprised*, never made to hear something in a radically unexpected way. Hamelin isn't that kind of virtuoso – and so much the better, some would say.

With Alkan's Concerto, he demonstrated what kind of virtuoso he is. It is a rare kind indeed: *viz* the kind for whom Alkan's mounting, torrential challenges are so completely, even comfortably in hand that he can give his full attention to expounding the *music* – lyrically, structurally, intellectually – as if it were just as serious as Beethoven. Nothing sounded "grotesque": rampant and slightly mad, yes, but cogent enough to justify its monstrous scale. After such a performance, a swift collapse in the green-room would be natural. In fact Hamelin plunged at once, superbly, into encores of the same order, like Godowsky's left-hand version of Chopin's E-flat minor Etude. Extraordinary.

David Murray

On Sunday the Queen Elizabeth Hall played host to Janina Fialkowska, latest participant in the South Bank's current "International Piano Series". Her programme choice was, among other things, a reminder that she has been an Artur Rubinstein competition prizewinner in the early 1970s, and that Rubinstein was her mentor in the last years of his life. A large selection of Chopin in the second half and the choice of Szymanowski's Variations on a Polish Folk Theme in the first – both of these were composers to whom Rubinstein showed particular devotion – also served to highlight her special strengths: crystalline articulation, absolute control in layering textures and varying colours, formidable strength and speed in bravura passages.

Fialkowska is such a superbly gifted and musicianly pianist that her intermittent failure to hold a listener's attention seemed puzzling. At this stage in her career, strangely fluctuating tendencies can be sensed in musical commitment – sometimes her performances come across as fully "personal", mature and richly absorbed, sometimes merely facile (and, odder still, sometimes unpredictably both).

The opener, Liszt's piano transcription of his BACH Prelude and Fugue for organ, was flashy, not interesting. In the Mozart A minor Sonata, K310, the approach was miniaturised, brittle, detached from any sparking engagement with Classical discourse – and this in spite of numerous slow-movement felicities. A piece called *In the Stillness of the Seventh Autumn* by the pianist's fellow Canadian Brian Cherney proved a dispiriting combination of eclectic modernism and droopy sensitivity.

My overall impression was of a remarkable technician who has yet to come fully into her own as an artist. Throughout the recital there were tantalising hints of how exciting it will be when she does.

Max Loppert

Jommelli's 'Dido'

LUGO

Lugo is a flourishing market town in the fertile, misty plain between Bologna and Ravenna. Until recently, its chief visitors were livestock traders; but then, enterprising local authorities, with considerable financial effort and with impeccable taste, restored the 400-seat Teatro Rossini, which dates from the mid-18th century and boasts an interior by the great Antonio Galli Bibiena. Since the restoration was completed, five years ago, the Rossini has annually produced one or two operas, chosen intelligently with the theatrical space in mind and generally avoiding the standard repertory.

This year's programme comprised a single, but important and fascinating work, Niccol Jommelli's setting of Metastasio's magnificent drama *Didone Abbandonata*. I should be more precise and say one of Jommelli's settings, for he used the text three times; and Lugo – advised by the scholar Giovanni Carli Ballola, who prepared the performing version – staged the third and last *Didone*, given in Stuttgart in 1763, when Jommelli was court composer to the Duke of Wuerttemberg. There, he had a good orchestra at his command, the court choreographer was Noverre, and the Duke Karl was generously eager to engage the best singers and designers.

The Teatro Rossini, especially in these lean times of Italian recession, has to think in less sumptuous terms. Nevertheless, it was able to give the audience a good idea of what the opera is like and what it must have meant to a cultivated audience of two centuries or more ago. To begin with, Lugo engaged the Bolognese architect Pier Luigi Cervellati to design the set, inspired by Bibiena: an elegant grey-beige arrangement of columns and arches with what looked like a drypoint vision of a towered and cupola-ed Carthage in the distance. Elements were moveable, including a ghostly white ship which appeared as needed. Cervellati, with Antonio Taglioni, was also the sensible producer. Mariangela Capuano created handsome baroque costumes; Mauro Mazzali made an impressive statue of Neptune.

Even with some minor cuts, this *Didone* made a long evening; and it must be said that the young singers, brave as they were, could not always fulfil the demands of the score. Fortunately, the all-important role of Enea was in the hands of an ardent, assured mezzosoprano, Adriana Cicogna. As in most of Metastasio's dramas, the conflict is more intellectual than physical. In *Didone* there is some fighting, but indecision is the real enemy. Cicogna made the hero's dilemmas real and cogent.

Understanding the text, a work of noble, seductive beauty, is of supreme importance. Before and after Jommelli it was set by about 60 composers, from Sarro, in 1724, to Saverio Mercadante 99 years later. Jommelli must have loved the words, because, while he produced stirring or affecting arias, his recitatives are supreme as he subtly underlines the speeches with nuanced orchestra, strange textures, wisps of melody or simply what might be called a vague sonorous ambiance.

At times the listener thinks of Monteverdi, but then there is a stunningly modern effect. With unclear words, the audience could still appreciate the superb deployment of the instruments (a sudden trumpet-soprano duet in the last act was hair-raising), but the listeners could not enjoy the full excitement. This was particularly regrettable in Dido's final monologue. Maria Angeles Peters has a voice of some sweetness and agility, but not of great power, and by the end of the opera, though she produced the sounds acceptably, she was evidently tired and she failed to move.

As her sister Selene, the soprano Alessandra Rossi looked suitably unhappy (Selene is secretly in love with Enea), too, but the voice was often expressionless. The sole male in the cast, the tenor Ezio Di Cesare (Iarba, the African king, Dido's enemy and suitor) sang forcefully; experts might have said this was not proper baroque style, but it was convinced singing, and it was appreciated.

With the exception of the Dido, all the interpreters seemed to gain assurance as the opera progressed. Except for an occasional, perhaps inevitable indulgence granted some sluggish singers, the conductor Amedeo Monetti persuasively drew lively or sensitively-coloured played from the reduced Orchestra Sinfonica dell'Emilia Romagna.

Many Italian towns the size of Lugo have charming opera houses. Of these, the luckiest survive as cinemas, while others have been turned into supermarkets, garages or ruins. Lugo has achieved then a double distinction: it has saved a beautiful theatre and it has filled it with great music (and capacity audiences).

William Weaver


Adriana Cicogna and Maria Angeles Peters as Enea and Dido

Henry Threadgill's Very Very Circus

QUEEN ELIZABETH HALL

The Circus was bound to be a challenging evening's entertainment with a line-up like this. It turned out to be a challenge which much of the audience was not willing to meet. They could have guessed it would not be easy. American altoist Henry Threadgill has always been an experimentalist, writing for 55 piece marching bands or a line-up of four woodwind, four strings and voice, for example. A seven piece consisting of a french horn, two electric guitars, two tubas and drums as well as his own raw alto is almost conventional by Threadgill's terms.

Nor should anyone have expected the Very Very Circus to swing, exactly. Threadgill likes his music to have a morbid atmosphere and will often purposely collapse his pieces into a jazz dirge.

The Circus started cheerfully enough, Gene Lake's drums beat a busy rhythm to the trump, trump of the tubas. The guitars of Masujaa and Brandon Ross provided angular and distorted background and the french horn of Markus Taylor took a kind of detached classical tour. As the march continued, the guitars made an interesting diversion into Western themes and Harry Lime zither effects.

The urge to dirge soon took over, however, and leavened only by the comic bounce of the tubas, Threadgill set a flat and eery soundscape for himself to solo against, guitars clanking occasionally to either side of him. Perhaps in reaction to his audience's response (heading for the bar), Threadgill next whipped up the guitars and indefatigable tubas, to a tune more suited to a lively wake: the dignified horn keeping the lid on things.

But was when Brandon Ross managed to disentangle himself from the others for some grey and grotesque distortion that attention, and members of the audience, began to wander. The surge in energy created by the eventual return of quickstep tubas and drums came too late.

The first part of the Rolling Rock-sponsored, Contemporary Music Network show was shades lighter but complementary. London vibraphonist Orphy Robinson, whose current group has a debut album on the racks this week, *When Tomorrow Comes* (Blue Note 7985812), also keeps unusual company. In The Annavas Project his vibes and reverberating marimba are augmented by Tunde Jegede's kora and cello, and Rowland Sutherland's flutes (down to the piccolo), as well as co-writer Joe Bashorun's keyboards and Dudley Phillip's bass. Winston Clifford on drums completes the line-up. As a preview to a promising new recording the poor quality of sound early on was a distraction – especially as the music relies heavily on a crisp back beat with dancing, repeating melodies from Robinson and Sutherland.

Garry Booth

Installation art

Owing to a transcription error the Ivy Holdings Company referred to in Lynn MacRitchie's article on the *Weekend FT's* arts page should have read Imry Holdings company.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ BERLIN

Schauspielhaus 20.00 Aldo Ceccato conducts the Berlin Staatskapelle and Chorus of the Staatsoper in Verdi's Requiem. Repeated tomorrow (East Berlin 2090 2156)
Komische Oper 19.00 Rolf Reuter conducts Harry Kupfer's production of Carmen. Tomorrow and Sun: Cinderella. Thurs: La bohème. Fri: orchestral concert. Sat: Rigoletto (East Berlin 2292 555)

■ BRUSSELS

Monnaie 20.00 Carlos Kalmar conducts Nicolas Brieger's production of Il barbiere di Siviglia. Runs till Feb 20, with next performance on Fri (219 6341). Tomorrow in Palais des Beaux Arts: recital by Gidon Kremer and Martha Argerich (507 8200)

■ CHICAGO

Orchestra Hall 19.00 Daniel Barenboim conducts the Chicago Symphony Orchestra and Chorus in a concert performance of Don Giovanni, with a cast including Ferruccio Furlanetto, Waltraud Meier and Joan Rodgers (also Feb 8, 13). Tomorrow (also Feb 10, 15): Così fan tutte. Feb 7 and 12: Le nozze di Figaro. Sun afternoon: piano recital by Andras Schiff. Sun evening: chamber music by Fauré, Martinu and Brahms (435 6666)

■ COPENHAGEN

Royal Theatre 20.00 Tadeusz Wojciechowski conducts Verdi's Otello. Tomorrow and Sat: Don Giovanni. Thurs at the Conservatoire: Bournonville's Far from Denmark. Fri: Le nozze di Figaro (3314 1002)

■ HAMBURG

OPERA
The main event at the Staatsoper this week is the world premiere on Sun of Wolfgang Rihm's new opera Die Eroberung von Mexico (also Feb 11, 15, 18, 22). There are also two performances of Otello (tonight and Sat), conducted by Donald Runnicles, with Vladimir Atlantov in the title role and Kiri te Kanawa as Desdemona. Alicia Nafé sings the title role in tomorrow's performance of Carmen, and Siegfried Jerusalem gives a Lieder recital on Fri (351721)
THEATRE
The Deutsches Schauspielhaus stages a new production of Lessing's tragedy Emilia Galotti (1772) on Sat (previews Thurs and Fri), directed by Peter Löscher. This week's repertory also includes Michael Bogdanov's production of Romeo and Juliet tomorrow (248713)

■ LONDON

DANCE
Covent Garden 19.30 Peter Wright's Royal Ballet production of Giselle, starring Viviana Durante and Irek Mukhamedov. Tomorrow: first night of Johannes Schaaf's new production of Don Giovanni (071-240 1066)
Sadler's Wells 19.30 Ballet du Nord opens its first London season with a mixed bill including Jose Limon's There is a Time, Balanchine's Apollo and Comelin's version of Mozart's Requiem, with the Wren Orchestra and a choir of 30 singers. Daily till Sat (071-278 8916)
MUSIC
Coliseum 19.00 Mark Elder conducts David Pountney's production of Königskinder with a cast including Cathryn Pope and Joseph Evans, also Fri. Tomorrow and Sat: Xerxes. Thurs: Die Fledermaus (071-836 3161)
Queen Elizabeth Hall 19.45 Lindsay Quartet plays string quartets by Beethoven and Ravel, plus Schumann's Piano Quintet with Artur Pizarro. Tomorrow: Evelyn Glennie and the Bournemouth Sinfonietta (071-928 8800)

■ MILAN

Teatro alla Scala 20.00 Wolfgang Sawallisch conducts Peter Beauvais' Munich production of Arabella, designed by Jürgen Rose, with Felicity Lott in the title role. Runs till Feb 16, with next performance on Thurs. Tomorrow, Fri and Sun: Fra Diavolo (7200 3744)

■ MUNICH

Staatsoper 19.30 John Neumeier's production of Nutcracker. Tomorrow and Sat: Giuseppe Sinopoli conducts Il trovatore with Julia Varady and Dennis O'Neill. Thurs: Turandot with Ghena Dimitrova. Fri and Sun: La forza del destino (221316)
Philharmonie 20.00 Vladimir Fedosseyev conducts the Moscow Radio Symphony Orchestra in Nielsen's Maskarade overture, Sibelius' Violin Concerto (soloist Guy Braunstein) and Brahms' Third Symphony. Thurs, Fri and Sun morning: Sergiu Celibidache conducts the Munich Philharmonic Orchestra. Sun evening: Justus Frantz conducts the Chamber Orchestra of the Schleswig-Holstein Music Festival (48098 614)
● A selection of theatre and concert tickets is available at Konzertkasse Beck on the fourth floor of the Beck department store at Marienplatz 11

■ NEW YORK

Carnegie Hall 20.00 Gennady Rozhdestvensky conducts the Russian State Philharmonic Orchestra in Ives' Robert Browning Overture, Tchaikovsky's Violin Concerto (soloist Alexander Rozhdestvensky) and Saint-Saëns' First Symphony. Fri: Takacs Quartet (247 7800)
Metropolitan Opera 20.00 James Conlon conducts Der fliegende Holländer, with James Morris, Matti Salminen, Gary Lakes and Janis Martin, also Fri. Tomorrow: Turandot (362 6000)
New York State Theater 20.00 City Ballet in an all-Robbins evening: Interplay, Afternoon of a Faun, Antique Epigraphs and Glass Pieces (870 5570)

■ PARIS

Opéra Bastille 19.30 Myung-Whun Chung conducts André Engel's new production of Lady Macbeth of Mtsensk, with Mary-Jane Johnson in the title role. Runs till Feb 26, with next performance on Sat. Tomorrow: Teresa Berganza (4001 1616)
Théâtre des Champs-Elysées 20.30 Christophe Coin conducts the Orchestre des Champs-Elysées in music by Gluck, Mozart and Beethoven's First Symphony (4720 3637)
Opéra Comique 19.30 William Christie conducts Lully's Atys. Repeated tomorrow (4286 8883)
Châtelet 19.00 Piano recital by Cristina Ortiz, including Ravel's Sonatine and Chopin's Polonaise heroique (4028 2840)
• A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898

■ STUTTGART

OPERA
This week's main event at the Staatstheater is a new production on Sun of Ariadne auf Naxos, conducted by Philippe Auguin and staged by Axel Manthey. The cast includes Stella Kleindienst as the Composer, Helena Doese as Ariadne and Toni Krämer as Bacchus. Tonight's performance is La bohème, staged by Tom Cairns with Veronica Villaroel as Mimi and Franco Farina as Rodolfo, also Fri. Sat: Die Zauberflöte (221795)
THEATRE
Wolf-Dietrich Sprenger directs a new production of Kleist's The Broken Jug at the Kleines Haus on Sat, repeated Sun. Tonight's performance is Ibsen's Nora. Tomorrow at the Theater im Depot: Karin Schroeder stars in a cabaret-style revue entitled Lola Blau (221795)

■ WASHINGTON

Eisenhower Theater Washington Opera's current repertory consists of Michael Hampe's Cologne production of Handel's Agrippina (tonight, Thurs and Sat) and Jin Xiang's Savage Land (tomorrow, Fri and Sun), sung in Chinese with surtitles (416 7800)
Kennedy Center Concert Hall Tonight at 19.00, Mstislav Rostropovich conducts the National Symphony Orchestra in Deak's String Quartet Concerto (with Manchester String Quartet) and Bruckner's Fourth Symphony. Tomorrow: Libor Pesek conducts the Royal Liverpool Philharmonic Orchestra in Mendelssohn's Violin Concerto (soloist Kyoko Takezawa) and Suk's Asrael Symphony. Thurs, Fri, Sat and next Tues: Rostropovich conducts Shostakovich's Fourth Symphony. Sun at 15.00: song recital by Leontyne Price (416 4600)
Terrace Theater Fri and Sat at 19.30: Stephen Simon conducts the Washington Chamber Symphony in music by Handel, Richard Strauss, Paulis and Haydn (416 4600)
Marvin Center Strangers in Their Own land: Peter Sichrovsky's play is a provocative encounter with eight Jews who have returned to live in Berlin and Vienna in current times. Daily till Sun (994 6178)
The Barns of Wolf Trap Tomorrow at 20.00: James Cotton brings his Mississippi Blues to the Barns. Thurs: Joe Ely and his band perform their Texas-style folk/rock. Fri: Bryan Bowers, virtuoso of the autoharp (703-938 2404)

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1330-1400 Business Day
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0600-0630 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
2130-2200 (Thurs) Talking Heads – international issues

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1540-1610 Moneyweek
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1800-1830 FT Business Weekly

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Tuesday February 4 1992

L'état en crise

SOMETHING IS rotten in the state of France.

As so often, the latest symptom has a farcical quality to it. In a country which prides itself on *le sens de l'état*, four top civil servants were made to resign last week for taking a decision whose political character could not possibly have escaped their notice: the admission to the country of a senior Palestinian leader, well known for his hostility to the current Middle East peace process and, in the past, for his association with spectacular hijackings. Supposedly at death's door, the gentleman was seen to walk into the hospital, and his wife claims he was there for nothing more than a thorough check-up.

If there is any country in the world where a civil servant could safely be expected to refer such a decision to his political masters, it is France. Not surprisingly, public opinion is reluctant to accept that responsibility goes no higher, and suspects that the luckless officials have been made scapegoats for some piece of bungled skulduggery ordered by those very political masters.

But the explanation given by Mr Hubert Védrine, President François Mitterrand's chief of staff, is perhaps more damaging to his master's reputation than any conspiracy theory.

Implicit endorsement

The officials, he suggests, may have been *endormis* (put off their guard) by the fact that the request reached them through Mrs Georgina Dufoix, a former minister. She was acting in her capacity as head of the French Red Cross, but was also a presidential adviser. (She has now resigned both jobs.) So the request appeared to come from the Elysée palace, with an implicit presidential endorsement. That would be sufficient to convince civil servants, Mr Védrine implied. They would feel no need to check with their immediate bosses, who are ministers in a government responsible to parliament, according to the constitution.

If that explanation is correct it illustrates all too well what is wrong with the French political system. Power is concentrated in one man's hands. That man is famous for keeping his cards close to his chest. He makes policy by a series of delphic utterances, which ministers and civil servants alike try desperately to decode, and secures implementation of his wishes through semi-official personal representatives. The legal government, headed by the lamentable figure of Mrs Edith Cresson, is there only to act as a screen between him and public opinion. "Of course she's unpopular. She was appointed to be unpopular," Mr Mitterrand blandly told a group of journalists last week, shortly before the "Habash affair" hit the headlines.

Real problems

It would be funny if it were not so serious. France is a country struggling to come to terms with some very real problems. It has to reconcile a strong tradition of national independence with an assumed position of leadership in the march to a federal Europe, based on alliance with a Germany economically more powerful and politically no longer submissive. It has to adapt *dirigiste* and nationalist economic traditions (represented by Mrs Cresson) to the exigencies of an interdependent world (voiced by the finance minister, Mr Pierre Bérégovoy). It has to absorb a large immigrant population, and overcome the racist backlash represented by Mr Jean-Marie Le Pen's National Front, in an economy whose record of job-creation in the last 15 years has been very poor.

Until two or three years ago, Mr Mitterrand could plausibly claim that he was managing these problems with greater strategic vision and tactical sense that any of his political rivals would be likely to bring to them. Now he is floundering miserably. On one point at least he is right: two seven-year terms in such an office is too long. He should make it clear quickly what alternative he intends to propose to the electorate in a referendum later this year, and promise unambiguously to apply the reduction to his own current mandate. Meanwhile, he should appoint a prime minister capable of running the government, and allow him (or her) to do so as the constitution prescribes.

Competition and the Gatt

A TRAVELLER caught in a quagmire should, from time to time, look towards the final destination. Sir Leon Brittan, vice-president of the Commission of the European Communities is to be congratulated, therefore, for discussing the agenda of the next Gatt round in his speech to the World Economic Forum. He is to be congratulated still more for being right. International competition must, indeed, be one of the items on that agenda. But first, the Uruguay Round must be completed and the liberal competition policy of the EC safeguarded.

The original design of the still-born International Trade Organisation did, in fact, include a section on restrictive business practices. But two subsequent developments have made global competition policy a still higher priority than it was 40 years ago: because traditional trade barriers are lower, international competition is increasingly important in determining competition in domestic markets; in addition, regulatory trade measures (anti-dumping duties, for example), though aimed at preventing harmful competition, have themselves become barriers to trade.

The Gatt already allows countries to impose countervailing duties against subsidies and anti-dumping duties on dumped exports. On subsidies, therefore, Sir Leon argues that "the most sensible thing to do would be to improve the coverage and enforcement mechanisms which the Gatt system brings to bear." Anti-dumping is a more vexed issue. Sir Leon accepts that "unfair trade is a cancer". But he also asserts that "anti-dumping might be compared to chemotherapy – a desperate and damaging remedy. Our aim – through competition policy – must be to cure the cancer itself before it takes hold."

Common framework

How is this to be done when a fully fledged global competition authority is inconceivable? The Gatt's normal approach is agreement on a common framework for domestic legislation, alongside a right of appeal to the Gatt, appeals being focused on whether a given government is enforcing the agreed framework in good faith.

In the case of cartels, Sir Leon suggests that the international rule would distinguish "between acceptable industrial co-operation and unacceptable restrictive practices .... A simple rule ... that restrictive practices and cartels thus defined are not enforceable at law would constitute considerable progress." Sir Leon also suggests "common rules on the appraisal of mergers" and international panels to "provide firstly a forum for discussion of merger cases which involve several jurisdictions and secondly an impartial analysis of the merits of a particular case and which authority is best placed to deal with it."

Bold ideas

These ideas are both bold and visionary. But first those quagmires need to be crossed. Without the Multilateral Trade Organisation's unified and improved dispute settlement procedure – as proposed in the draft final act of the Uruguay Round, put forward by the Gatt's director general, Mr Arthur Dunkel – Sir Leon's ideas will find no fertile soil.

More fundamentally, all depends on a successful conclusion to the Uruguay Round itself. This is not merely because new structures cannot be added to a collapsed building. It is also that liberal trade is the foundation for effective competition. Meanwhile, government-imposed or supported restraints on trade, like "voluntary export restraints", are themselves the main distortion of global competition.

If the Uruguay Round quagmire is to be crossed, the entire EC needs to push harder in that direction. Ways to reform the Common Agricultural Policy must be found that are acceptable to the EC's main negotiating partners. Equally important, however, is continuation of that "strong commitment to competition policy" which Sir Leon lauds. The recession has brought forth renewed hopes of an active industrial policy and of greater protection against competitive foreign enterprises. Those ideas from a failed past must be resisted if what Sir Leon wants is to come to pass.

Christopher Parkes examines the effect the German steelworkers' pay settlement will have on other unions – and on the economy

Steel deal sounds a clear warning

One clear signal crackled through the static on Germany's economic airwaves yesterday: if the rest of this year's pay settlements follow the pattern of the steel deal, the world could face an extended wait before the Bundesbank broadcasts its message of goodwill to the world, and starts cutting interest rates.

Recovery from recession in Britain, France and elsewhere is being is being hampered by high borrowing rates in Germany. But pressure from these countries has failed to shift the independent central bank in Frankfurt from its insistence that the squeeze cannot be eased until there are clear signs that domestic inflation is under control and, preferably, on the way down to 2 per cent from a current annual rate of 4.2 per cent. Instead, the Bundesbank will be worried that yesterday's agreement will hamper attempts to curb inflation and will lead to even higher settlements.

After last year's 6 per cent pay rise in the steel sector, in a year when inflation averaged 3.5 per cent, this year's overall 6.35 per cent package is inflationary. Even though the 5.9 per cent increase in basic pay looks more acceptable when set against expected price inflation of 4.5 per cent, it raises questions about the wisdom of employers who have made no bones about the dire state of their industry, which incurred losses or drastically reduced profits last year and which is expected to show only a 2 per cent increase in productivity this year.

While relief that a strike had been averted prompted shares in steel companies to rise by a few points, there were concerns about the longer term implications for the steel industry and for its impact on other industries. "The settlement was too high," said one Frankfurt broker. "It will send the wrong message to other unions."

German employers, however, were more optimistic. Mr Klaus Murmann, president of the BDA employers' association, the largest employers association in Germany, said the deal was the first sign that the giant IG Metall union, which starts next month to negotiate on behalf of the 4m engineers which it also represents, was prepared to compromise. But the agreement reached with the steelworkers also reflects a reluctance on the part of management to avoid poisoning relations with IG Metall before the negotiations with the engineers.

The union itself was more cryptic. Mr Klaus Zwickel, deputy chairman, said the basic figures in the agreement, 5.9 per cent and 6.35 per cent, formed "an interesting corridor" which would be helpful to other unions in the coming pay rounds.

If they stick to centre of the corridor, then there is every likelihood that come the autumn, pay will no longer be a core concern in Frankfurt. But can the steel settlement, affecting 180,000 workers, be seen as an indicator for the millions of employees still waiting their turn to negotiate?

Mr Franz Steinkühler, the IG Metall union chairman, seemed yesterday to suggest that it could. The deal was "a reasonable basis for other pay settlements," he said, and it fulfilled the important aim of bringing steel workers' pay closer to parity with the engineers. That suggests that the union will not press in the short term, at least, to increase the differential. It is significant that IG Metall has already warned its engineering negotiators not to put in claims for more than 9.5 per cent, compared with the 10.5 per cent demand which launched the steel workers on the road to the cliff's edge.

But there is still dissent, notably among public service unions, led by Mrs Monika Wulf-Mathies at OTV, which represents the majority of public officials and which starts talks shortly on its 9.5 per cent claim. Yesterday's agreement, the union said, gave "no grounds for us to rewrite our demands".

The OTV negotiations will provide the next great test of establishment resolve. According to CDU officials at a meeting with Mr Helmut Kohl yesterday, the chancellor made no comments on the steel settlement, but he was anxious that the public servants should not "get the wrong message" on pay. According to Mr Theo Waigel, finance minister, a settlement at 9.5 per cent would cost Bonn and the state governments an extra DM38bn this year, which they cannot afford. State governments have already been instructed by Bonn to limit public spending growth in western Germany to 2 per cent this year. The OTV talks are likely to be even more tense than those of the steel industry since they bring a leading trade union into conflict with the socialist governments that control most German states.

Although senior ministers have been careful not to become embroiled in the pay round as a whole, Mr Kohl has warned several times recently that the government takes its job as an employer seriously. Mrs Wulf-Mathies has on each occasion countered with threats that her membership is prepared to cripple the administration with stoppages if its pay – currently 14 per cent below the industrial average – is not brought into line. Trade Union negotiators who have not yet settled have made much of the argument that since the steel talks started last October they belonged properly to the 1991 pay round.

But there is little doubt that the steel agreement sets a pattern. Banking employers, confronted with a strike ballot among workers refusing their 4.5 per cent offer, will now find it impossible to resist further and are likely to make concessions.

While an average national 6 per cent increase may be just acceptable to the board of the Bundesbank, which dictates monetary policy in Germany, it is certain to increase the pressure for cost-cutting across industry. National productivity is expected to increase just 2.5 per cent his year. Growth in gross national product is forecast at 1.5 per cent, and average unemployment in the west of Germany is estimated at about 1.8m compared with 1.1m last year. The picture darkened further yesterday with publication of industrial production figures which showed that the manufacturing index fell in December to 117.6 per cent from 131.3 per cent in November.

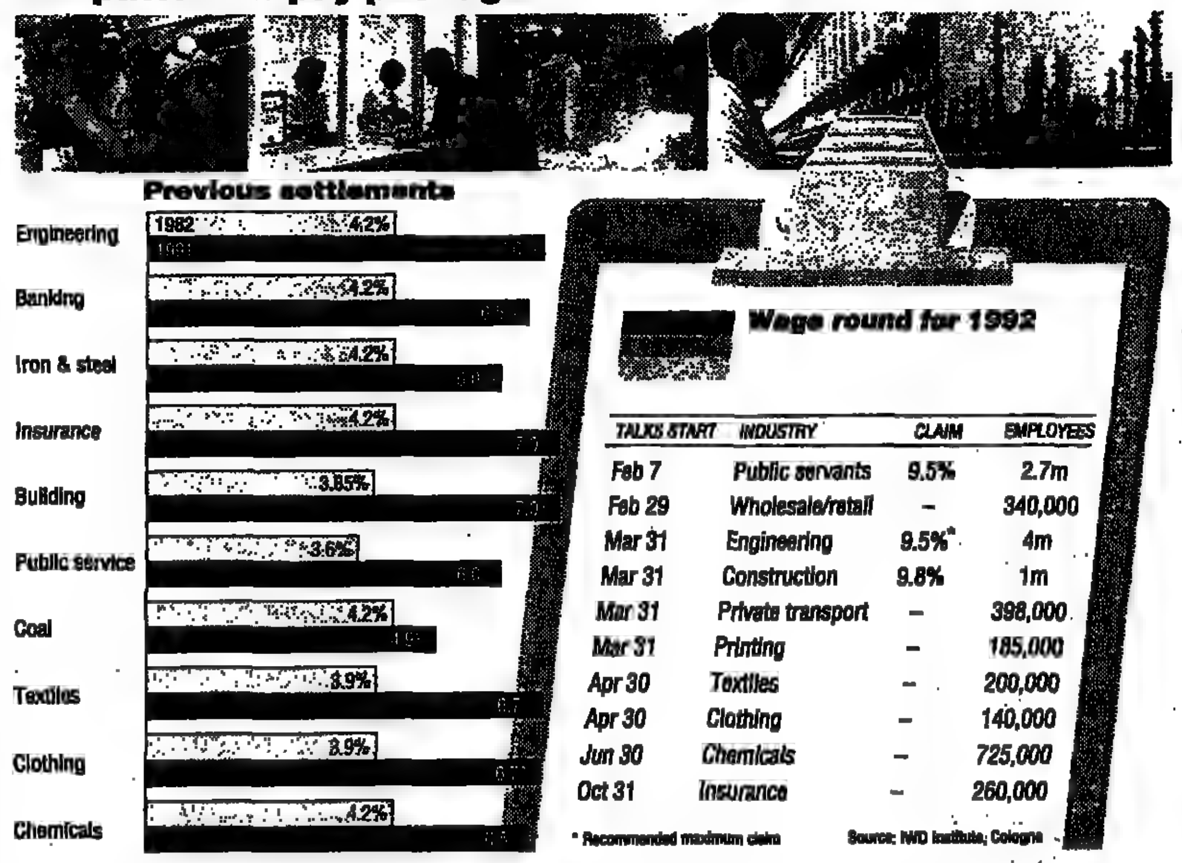
Steel workers, already feeling the pressure of job cuts, will be hit especially hard. Their employers, who are confronted by recession in all world markets, a sharp downturn at home, and cheap steel from the former Soviet Union and South Korea, will be unable to pass on extra wage costs, according to Mr Rüdiger Pohl, a leading independent economic adviser to the government.

While a "stone had fallen from his heart" with the news that the steel strike had been called off, he, too, was concerned that the settlement would set the pattern for the year. Capital investment would be depressed, he said, and while he saw no danger of a full recession, economic expansion would be lower than expected. And if expansion in the west is endangered, then recovery in the east – still in a desperate economic condition – will be compromised.

This worry was far from people's minds in the steel state of North Rhine Westphalia yesterday. As one worker commented, he and virtually all his colleagues had voted for the first stoppage in 13 years in defence of their 10.5 per cent pay claim. And now they were being asked by their leaders to settle for 6.35 per cent. Approval is expected at a ballot next week, and the steel workers will carry on, nursing their grievances.

But it was, in fact, the beleaguered steel workers who set a pattern for this year's pay round. Their vote, with a 95 per cent turnout and an 87 per cent majority of all members in favour of strikes, sent a clear signal to employers throughout Germany. In proving their willingness to stop work with so little to be gained in cash terms, and in proving that employers are prepared to settle above 6 per cent, they will have encouraged union members all over the country to adopt similar tactics and win for themselves similar, and possibly greater short-term rewards.

The pattern of pay packages



TALKS START	INDUSTRY	CLAIM	EMPLOYEES
Feb 7	Public servants	9.5%	2.7m
Feb 29	Wholesale/retail	–	340,000
Mar 31	Engineering	9.5%*	4m
Mar 31	Construction	9.8%	1m
Mar 31	Private transport	–	398,000
Mar 31	Printing	–	185,000
Apr 30	Textiles	–	200,000
Apr 30	Clothing	–	140,000
Jun 30	Chemicals	–	725,000
Oct 31	Insurance	–	260,000

* Recommended maximum claim

Source: IWD Institute, Cologne

An industrial bed of nails

Mr Heinz Kriwet, head of the Thyssen group, and paymaster to more than 50,000 of west Germany's steel workers, said last week that the weather had turned, writes Christopher Parkes. After several years of progress with a following economic breeze, he said, "the wind is blowing in our face again".

The outlook is unchanged by yesterday's last-minute about-turn in the pay arena. There will be no strike. But there is worse to come for the workforce than picket duty on freezing streets. And steel company shareholders will feel the cold.

At least 6,000 of Germany's 130,000 steel jobs will go before December, and many more are certain to be lost in the next two or three years. Thyssen and the other leading steelmakers, Hoesch and Krupp, which together account for more than half German production of 38,000 tonnes, are bracing themselves for a painful and quick restructuring bout. The slow erosion of the workforce from more than 200,000 in the early 1980s will now be followed by cuts.

Barring calamities, the slow-burn takeover of Hoesch by Krupp should be completed by the end of this year, and Thyssen will have bundled together its mainstream Thyssen Stahl subsidiary with its loss-making special steels division, Thyssen Edelstahl. When that is over, Thyssen is likely to reopen talks on pooling resources in special steels with Krupp. The inevitable result is job losses as the companies strive to regain competitiveness.

All three groups say they have already identified multi-million-D-Mark savings, but all three still see no signs of short-term improvements in the marketplace. Adverse trade winds, which blew Thyssen Edelstahl into a DM63m (£21.90m) loss last year, blasted 22 per cent off the value of incoming orders in the first quarter of the current year. Orders at Thyssen Stahl dropped 6 per cent, and Mr Kriwet forecast a further profits fall for 1992 to follow last year's 42 per cent slump. According to Hypo-Bank, one of Germany's leading banks, earnings per share at Thyssen this year will fall from DM22 to DM16, and Hoesch shareholders can expect a DM3 drop to DM20.

Yesterday's pay deal, a basic 5.9 per cent compared with 6 per cent agreed last year when demand from east Germany and the booming car industry cushioned steelmakers from world recession, spells gloom for North Rhine Westphalia, heart of the steel industry. The domestic market has become a bed of nails: economic growth is slowing to about half last year's rate, and the important car industry, faced with falling domestic orders, promptly cut 10,000 jobs in the last three months of 1991. A pay injection may have eased some local symptoms, but in the end it can only exacerbate the disease diagnosed as the main impediment to the health of German steel.

The IG Metall union yesterday declared itself pleased that steel pay was being brought into line once again with engineering workers' rates. But as Mr Kriwet pointed out before yesterday's deal: "Steel companies are not in competition with metal-working industries, but with steel businesses in France and Britain, where wages costs even now are 30 per cent lower than ours."

OBSERVER

Old Lady's last choice

■ Changing a tried and trusted company chairman in advance of a stock market flotation is not always the best way to reassure the punters. Hence Sir John Cuckney's resignation as chairman of 3i may come as a surprise to the lay public.

City onlookers, however, will note that his departure will give the Bank of England a last chance to exercise one of its remaining *droits de seigneurie* in its relations with British industry.

True 3i - hugely influential as a venture-capital market leader - has its own board. But in practice the chairman has been chosen by the Old Lady, a shareholder since the beginning.

That prerogative will end when the Bank sells its 14.7 per cent stake in 3i in the flotation, scheduled for the autumn. So this is its last opportunity to make the selection, which will be done in consultation with Barclays and National Westminster, two of 3i's shareholders planning to retain holdings.

Sir David Walker, the former Bank director just resigned as chairman of the Securities and Investments Board, is the obvious frontrunner. Indeed, there is even a school of thought which suggests that the Bank feels it has to find Walker a proper job following his own unexpected departure from the SIB.

The snag – according to his friends – is that the soon-to-be vacated chairmanship of Lloyds Bank is more to his liking.

Tough soap

■ The Rover's Return has lost a proud regular with the forced resignation of David Plowright as executive chairman of Granada Television.

For all his company's Jewels in the Crown, he considered *Coronation Street* the world's most important programme, and delighted in the thousands who flocked to its local pub on Granada's studio tours, which he instituted.

Plowright, brother of actress Joan, stood for public service broadcasting – but not at any price. He was emphatic that quality could not be detached from economic realities and that under-funded television is "not much fun for viewers or programme-makers".

He was also an unrepentant advocate of regional television – a belief that verged on Manchester nationalism. "Britain speaking to Britain is a better prescription for a national broadcasting service than Britain listening to London," was how he put it.

Nevertheless, there will be those in the investment community who will not mourn his departure. When it came to TV, Granada often gave the impression of being run for the benefit of its programme-makers, not the company's shareholders.

Factinating

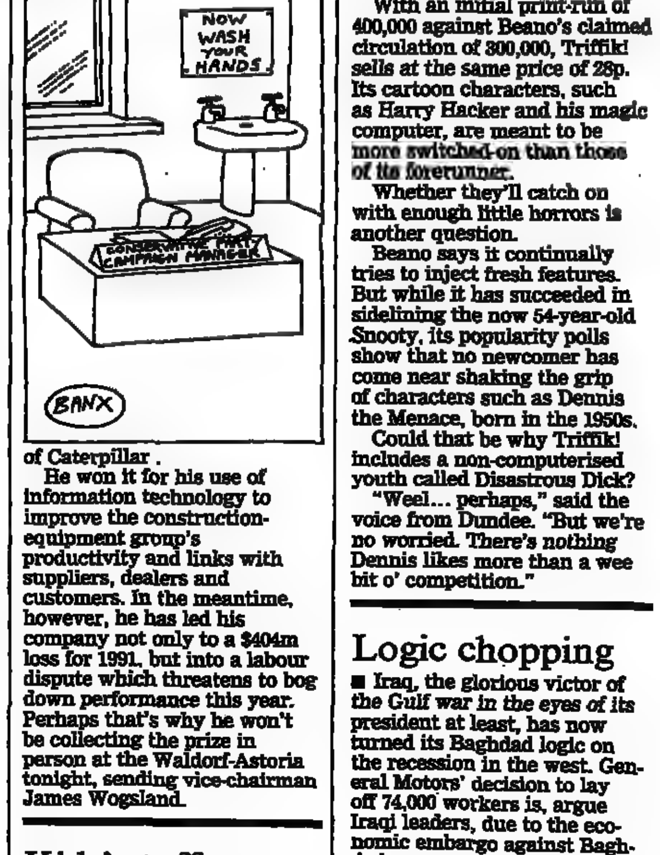
■ Fans of useless trivia will be delighted by a new booklet produced by Boots entitled Some Fascinating Facts.

Did you know, for example, that an elephant weighs as much as 339,286 sunglasses frames? Or that right-handed people use more deodorants than the left-handed because they sweat more? Or that it takes 15 inflated condoms to float a jeep?

I thought not.

Some you win...

■ What price excellence in technology? The New York Conference Board's 1992 prize for same, sponsored jointly by the Gartner information-services group, has gone to Donald Fites, the chairman



of Caterpillar.

He won it for his use of information technology to improve the construction-equipment group's productivity and links with suppliers, dealers and customers. In the meantime, however, he has led his company not only to a $404m loss for 1991, but into a labour dispute which threatens to bog down performance this year. Perhaps that's why he won't be collecting the prize in person at the Waldorf-Astoria tonight, sending vice-chairman James Wogsland.

Kids' stuff

■ Marmaduke, Lord Bunkerton ("Snooty" to his pals) would never have stood for it. The Beano comic, his ancestral home for half a century until 1988, is beset with not just new competition, but a sort that smacks – dash it all – of democracy.

Owned by Dundee's clannish D C Thomson group, Beano is under attack by debutant rival Triffik! whose stakeholders are numbered in tens of thousands. The competitor is a joint venture between Newsforce Marketing, a branch of the UK's 29,000-strong National Federation of Retail Newsagents, and sales-promotion firm Business Development Partnership.

With an initial print-run of 400,000 against Beano's claimed circulation of 300,000, Triffik! sells at the same price of 28p. Its cartoon characters, such as Harry Hacker and his magic computer, are meant to be more switched-on than those of its forerunner.

Whether they'll catch on with enough little horrors is another question.

Beano says it continually tries to inject fresh features. But while it has succeeded in sidelining the now 54-year-old Snooty, its popularity polls show that no newcomer has come near shaking the grip of characters such as Dennis the Menace, born in the 1950s.

Could that be why Triffik! includes a non-computerised youth called Disastrous Dick?

"Weel... perhaps," said the voice from Dundee. "But we're no worried. There's nothing Dennis likes more than a wee bit o' competition."

Logic chopping

■ Iraq, the glorious victor of the Gulf war in the eyes of its president at least, has now turned its Baghdad logic on the recession in the west. General Motors' decision to lay off 74,000 workers is, argue Iraqi leaders, due to the economic embargo against Baghdad.

"The sanctions work both ways," says trade minister Mohammed Mehdi Salegh. "They have forced General Motors, for example, to lay off workers and lose business." His reasoning is that under a 1989 deal worth $500m, GM was due to set up a plant in Iraq to assemble 90,000 vehicles a year. As not done,so GM's job cuts.

Next: how western pressure against Iraq cost New Zealand's cricketers the test series.

More at stake than mere machismo

Michael Smith analyses the likely effects of the engineering workers' and electricians' merger plans

In a three-week tour around Britain to win support for a union merger, leaders of the AEU engineering workers and the EETPU electricians have left little doubt about the significance they attach to their mission.

"It is the biggest and most important merger in trade union history," Mr Bill Jordan, AEU president, has told numerous meetings of shop stewards and union members. "It will change the face of British trade unionism," implying that it will become a model for other unions to follow.

Rival unions will contest Mr Jordan's claims, but there is no doubting that a merger – which has eluded previous leaders of the AEU and EEPTU for more than a century – would have a significant impact both on other unions and thousands of workplaces in the public and private sectors. If approved by the two unions' 1m members in a vote starting this week, it could be the first in a series of trade union amalgamations which could result in four or five large organisations dominating the labour movement by the end of the century.

The merger would also probably take the electricians, whose union has long been considered the most right-wing in Britain, back into the Trades Union Congress after their expulsion three years ago for failing to implement rulings on inter-union disputes.

More important for UK manufacturing, the AEU/EETPU would be the most likely partner for employers seeking to introduce single-union deals; the two unions have already taken the lion's share of such agreements in the UK, the most recent being at the proposed plant of Toyota, the car manufacturer, in Derbyshire.

Employers would also welcome the deal because it would simplify collective bargaining arrangements, and help erode demarcation lines, which have held back productivity improvements for years.

There are disadvantages. Some employers will have concerns about the increased negotiating power that a merger would give the most skilled members of their workforces. Most, however, believe that the risks are far outweighed by the advantages.

Employers have long been frustrated by the proliferation of unions in the UK. Those setting up plants prefer to deal with only one union, or none at all. A small but growing number is seeking to simplify bargaining arrangements by setting up "single-table" systems, through which negotiating forums with separate unions are replaced by one in which unions bargain "with one voice".

"This [single-table system] cuts down bargaining time and has the potential of cutting down the amount of time shop stewards are diverted from productive work and the number of full-time union officials we have to deal with," says one personnel director at an engineering plant. "The merger could also have that effect."

The large number of unions has also fuelled demarcation disputes between different groups of workers. "The biggest source of friction has been between electricians and engineers, even though it is less marked than it was in the past," says Mr Peter Ball, deputy director-general at the Engineering Employers Federation. "This has hindered the training of the multi-skilled workers which more and more companies are seeking."

Mr Gavin Laird, AEU general secretary, says that this distinction is over: "The separation of mechanical and electrical skills is finished. The new union would create an environment where multi-skilling could be controlled in the interests of our members and employers."

Such comments are consistent with the offer of the AEU and EEPTU leaderships to forge a "partnership of common interest" with employers. "We have to reassert trade unions' role of seeking better pay, working conditions and job security but we have to do it in an equal partnership with employers," says Mr Jordan.

A merger could help promote that change. But the pressure on unions to amalgamate began long before they started talking about transforming relations with employers.

A union combining engineers and electricians was first mooted in 1889. Numerous merger attempts followed, the latest ending in 1989 because of the EETPU rift with the TUC and the difficulty of reconciling the two unions' different structures. In particular, the AEU was anxious to retain its tradition of electing its officials; the EETPU executive appoints all but the most senior. The differences remain and, assuming that the merger vote is positive, there will still be much argument over a new constitution, to be formulated over the next four years.

What has increased the urgency of merger since 1989 is the severe effect of the recession on union membership rolls. In the second half of 1991, AEU membership declined by 10 per cent, against 5 per cent a year in the 1980s. "If we lose 5 per cent of our paying members each year, we lose £1.5m-worth of income and by 2000 we would have less than 300,000 paying members," says Mr Laird.

As a result of similar developments at other unions, amalgamations that a few years ago would have seemed impossible are being considered. One possibility, although still far off, is the combination of traditional rivals the Transport and General Workers Union and the GMB general union to form a 2m-strong organisation.

That, together with the likely formation of a 1.5m-member organisation comprising Nalgo, Nupe and public service unions, has concentrated the minds of AEU leaders, who, as in all unions, are acutely conscious of the relative size of their organisation. With 630,00 members, the AEU is the UK's fourth largest union. Three years ago it was second only to the TGWU.

"It is much more than just machismo," says the leader of one rival union. "Numbers are votes and votes are influence in the TUC."

Similar arguments have helped to convince EETPU sceptics. Since leaving the TUC, the EETPU has drawn in some small unions, but its potential for significant growth is limited. "The AEU will merge with other unions if it does not amalgamate with us," says Mr Paul Gallagher, EETPU general secretary elect.

But if Mr Gallagher has been converted to the merger cause, he remains ambivalent about rejoining the TUC. The EETPU has long been regarded by some as the unacceptable face of trade unionism, following a series of rows over its role in the derecognition of print unions by News International, publisher of The Times and The Sun, and its promotion of no-strike agreements.

Mr Gallagher shows no signs of regret. "The sad thing is that we have not missed being in the TUC. British workers do need a coherent voice to represent their interests. But the question is whether it is worth £1.3m [the prospective annual TUC affiliation fees of the two unions] to be in the TUC. I am open to persuasion."

This stance and the animosity of some TUC-affiliated unions sets the scene for protracted negotiations with the TUC, prior to a vote on affiliation within a year by the two unions' members.

The difficulties will arise in part because some TUC-affiliated unions will press for the EETPU to withdraw from the two single-union deals at Orion, the Japanese electronics company, and distribution group Christian Salvesen, which led to its expulsion. However, Mr Gallagher, and Mr Eric Hammond, from whom he takes over as general secretary next month, say they will not contemplate giving up either those members involved in the single-union agreements, or the members of the breakaway unions that have joined the EETPU since 1988. The unions which have lost members to the electricians – including the Fire Brigade Union and the Prison Officers Association – will be unhappy if the EETPU is not disciplined.

None the less the pressures on both sides to find a solution are considerable. Unions have been able to live with the 360,000-strong EETPU outside the TUC, but their collective strength would be severely undermined if the AEU were also to leave. And Mr Gallagher will face strong pressure to show some flexibility in the TUC talks from Mr Jordan and Mr Laird, both of whom would find life outside the TUC extremely uncomfortable.

For these reasons, the EETPU will probably be back inside the TUC next year, although there are no details yet of how this could happen.

Important though that would be to other unions, the reaffiliation to the TUC matters less to employers than does its merger with the AEU.

"I could not care less whether the engineers or electricians are in the TUC," says one employer, "but the merger is a different matter. It is a shame they did not do it years ago. It will be a force for good and for change."

Joe Rogaly

Newton's poor law

The poor are off the political agenda. In pre-Thatcher elections at least a few people argued about the homeless, elderly widows in freezing flats, or families whose breadwinner was unemployed. Now Labour regards itself as too respectable to allude to such inconveniences, while the Conservatives are reluctant to acknowledge the problem.

Neither should get away with it. The other day Mr Frank Field, a Labour MP who ploughs his own furrow, roughed up Mr Tony Newton, social security secretary, in an illuminating exchange. It went unreported. This is partly the fault of Labour's social security spokesman, Mr Michael Meacher. Mr Meacher, whose ineptitude is one of the crosses *Labour* perversely chooses to bear, attracted the headlines with some careless remarks about his party's plans to lift the ceiling on national insurance contributions. Mr Field's grilling of Mr Newton was lost.

It is time to retrieve it. Mr Field, who is chairman of the social security committee, asked a devilish question. Did the right honourable gentleman endorse the finding that those who had gained the smallest increase in incomes since Mrs Margaret Thatcher first took office were the poorest?

"What I shall certainly endorse," said Mr Newton, "is that ... we have steadily – uprating by uprating – steered additional resources to poorer pensions and to others whom we had identified, as a result of our research, as among those who were not doing as well as we should have wished."

Mr Field: "I am grateful to the right honourable gentleman ... but may I ask him that question again ... Does he endorse the whole of that report, which shows that the very poorest have gained the smallest increase under this government?"

Mr Newton: "I accept that there are variations in the way in which incomes have grown ..." And he wriggled on, about whether the *same* people were in the lowest decile throughout the 1980s.

Some were, said Mr Field. Mr Newton, an honest and capable minister, sought refuge in "a whole range of extremely complicated factors". Mr Field asked, a third time, whether the minister would acknowledge that "under the stewardship of this government, the poorest people in this country have had the smallest increase?" His victim came out fighting. "At all levels of the income distribution," insisted Mr Newton, "people have been getting better off during the lifetime of this government."

Not quite. The numbers of long-term unemployed are rising again. The dole has not kept pace with earnings. State benefits have, with important exceptions such as payments to the disabled, risen by little more than the retail price index. General incomes have risen much faster.

The very poor have hardly benefited from the growth of the 1980s

So the lower deciles have moved ahead slowly, if at all. For example, poorer pensioners are about where they were in 1979; well-off pensioners are some 35 per cent better off, in real terms.

The Child Poverty Action Group (CPAG) tells us that poverty persists. The CPAG has been rebutted by the government on the ground that if you define poverty according to the numbers receiving income support then every time the trigger point for payments is increased the number "in poverty" rises. True, but the CPAG also refers to two other definitions.

One is the number on below half average incomes after housing costs. The other is "breadline Britain", a survey of who can afford what are generally regarded as basic necessities. This was used by London Weekend TV in 1983 and 1990. Each definition has defects. Yet all three tell the same story. We also have our own eyes and ears. Even if the CPAG is only half-right there is no way out. The very poor have hardly benefited, if at all, from the growth that has made so many of us so comfortable.

The tragedy is that in political terms it hardly matters. Many of the worst off are probably poll-tax dodgers who will not be on the electoral register. This election campaign is governed by the rich and powerful, the affluent, the moderately affluent, and aspirants to affluence. The other end is an embarrassing nuisance.

That is why the Conservatives are hardly bothering to argue that only a wealthy society can help its poor. It is a sound argument, and in good years the Tories may prove its worth by a generous uprating of social security benefits. Fear of the affluent also explains Labour's pusillanimity: the extent of its redistributive urge is limited by a plan to put taxation back to where the Conservatives had it in 1988, the money thus raised to go to pensioners and higher child benefit.

What we really need is a proper analysis of the poor. Take pensioners. There are two possibilities. Labour would rely on state pensions, with an immediate uprating of the basic pension and subsequent increases in line with earnings. It is still in a tangle about the relationship between its proposals for national insurance payments and its promises to the retired. The ultimate flaw in Labour's line is that future taxpayers may rebel against paying decent pensions.

The Conservatives intend to press ahead with the privatisation of individual pensions. Good. Occupational pensions promise better rewards. Social security support should be concentrated on the rapidly-ageing pensioners who are solely dependent on the state. But the Tories are wary of such talk. When Mr Nigel Lawson was chancellor he was alleged to have floated the idea of a narrowly-focused state pension. The ensuing row was about whether a tape-recorder had been working when he said whatever he said.

We need that tape now. If the voters will not hear of redistributive policies, politicians must start devising private insurance instruments to minimise the damage to the potential poor of the future. Just be careful not to become one of the left-overs.

LETTERS

Manuals that frustrate

From Mr C Sonabend.

In "Technically Speaking" (January 28), Paul Abrahams was, of course, expressing the frustration of users of countless manuals for both British and imported goods. Now, instead of just time being wasted, it is money as well when using a 0898 number at 48p per minute, or, say, £9.60 for 20 minutes, the average length of a call dealing with a problem.

We frequently come across the problem of incorrect software instructions which need translating into foreign languages. We instruct our translators to sit at the computer and go through the manuals, checking that the directions give the results they should. Only then are the directions translated.

In this way, the client using his computer can be certain that he is not the victim of xenophobes, and, at the same time, is given the opportunity to make the necessary amendments to original documents so that they become comprehensible. This procedure saves time, money and frustration for both users and suppliers.

C Sonabend,
chairman,
Transtelex,
Marzell House,
116-128 North End Road,
London

Back to the late payers

From Mr Norman Haigh.

Sir, With reference to your report ("Debtors may add £21 to community charge", January 31) on poll tax surcharges to cover the cost of non-payers, surely the answer to this manifest injustice is to index all poll tax debt with an interest rate that covers the financial expense of delayed collection plus court costs.

If this were coupled with a discount for early payment, it would allow the local authority to borrow the shortfall on the open market and pass the cost directly back to where it belongs, the late payers.

Norman Haigh,
The Ridge,
Ridgeway,
Horsell,
Surrey

For some, marginal tax rates are already 59%

From R D Harman.

Sir, To relate maximum tax rates to a present rate of 40 per cent ignores the charge on family income for those whose children are students at college.

The "parental contribution" imposes an additional tax at 18.75 per cent on the joint income of both parents. Thus, the present marginal rate of tax on income is almost 59 per cent. Under Labour proposals, the marginal rate of tax would be 78 per cent.

The government imposed a massive increase in tax in the 1988 budget when it abolished any tax saving from covenants for students. Overnight, family costs increased by up to about £2,000 a year.

Additionally, families lose child allowance of about £700 a year at the time when costs rise to their highest level.

R D Harman,
3 Fountain Cottages,
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Criteria for rail investment

From Ms Gill Samuel.

Sir, Richard Tomkins, in his article "When fare is not fair" (January 29) on the costs of road and rail travel, is wrong to say that "the case for rail investment is judged solely according to commercial criteria".

While this is true of investment by the commercial sectors (Freight and Intercity), which are in direct competition with other – unsubsidised – forms of transport, it is not true of investment in Network SouthEast and Regional Railways. In these sectors, the overriding objective is to maintain the existing network of services in the most cost-effective way, even if the investment needed to do so does not make an 8 per cent return. And, where the network is being expanded, wider benefits such as the relief of congestion in urban areas can also be taken into account. Similarly, essential safety investment is not required to make an 8 per cent return.

This means that in practice well over half of British Rail's programme of investment in its existing rail network is not judged "solely according to commercial criteria".

Gill Samuel,
Department of Transport,
2 Marsham Street,
London SW1P 3EB

Why are there no carriers providing flights into Orly?

From Mr Michael W Poynor.

Sir, In your story "Air France to halt flights from Stansted" (January 29) you report that Paris-bound passengers on Air France will no longer be able to fly from Stansted and will have to restrict their choice to just two of London's airports. What you do not mention is that in Paris there is only one possible airport for flights to and from London – Charles de Gaulle at Roissy.

There are six carriers – Air France, Air UK, British Airways, British Midland, Brymon and Danair – with scheduled daily flights between London and Paris. In London, passengers may select from four airports – Gatwick, Heathrow, London City and Stansted – depending on time of travel, geographical convenience and/or onward connections. In Paris, there is no choice.

When are we going to be able to use Orly again? For passengers from London with rendezvous to the south of Paris or with connections to other French towns (many Air Inter flights to provincial destinations use Orly exclusively) it is frustrating and time-costly to have to use Roissy.

Surely at least one of the six carriers could offer a service into Orly from at least one London airport.

Michael W Poynor,
63 Lant Street,
London SE1 1QN

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Forcing home a point

From Mr Nicholas Knight.

Sir, As a house, we have long argued that the current suppression of inflation is, as yet, more cyclical than structural in nature, and owes more to recession than to sterling's entry into the ERM. What is more, the benefits of the latter, in terms of the producer prices index (PPI), are being negated by still high inflation in the non-traded goods and services sector of the economy.

We are thus indebted to your own newspaper for once again forcing the point home ("FT price rise", February 1). We note with interest that since the beginning of 1988, the price of the FT has risen by one third while the PPI has risen by less than 20 per cent. The financial markets should henceforth read any comments in your newspaper about the supposed benefits of price stability with some scepticism.

Nicholas Knight,
Nomura Research Institute Europe,
Nomura House,
1 St Martin's-le-Grand,
London EC1A 4NP

Economics of motoring

From Mr Peter Curwen.

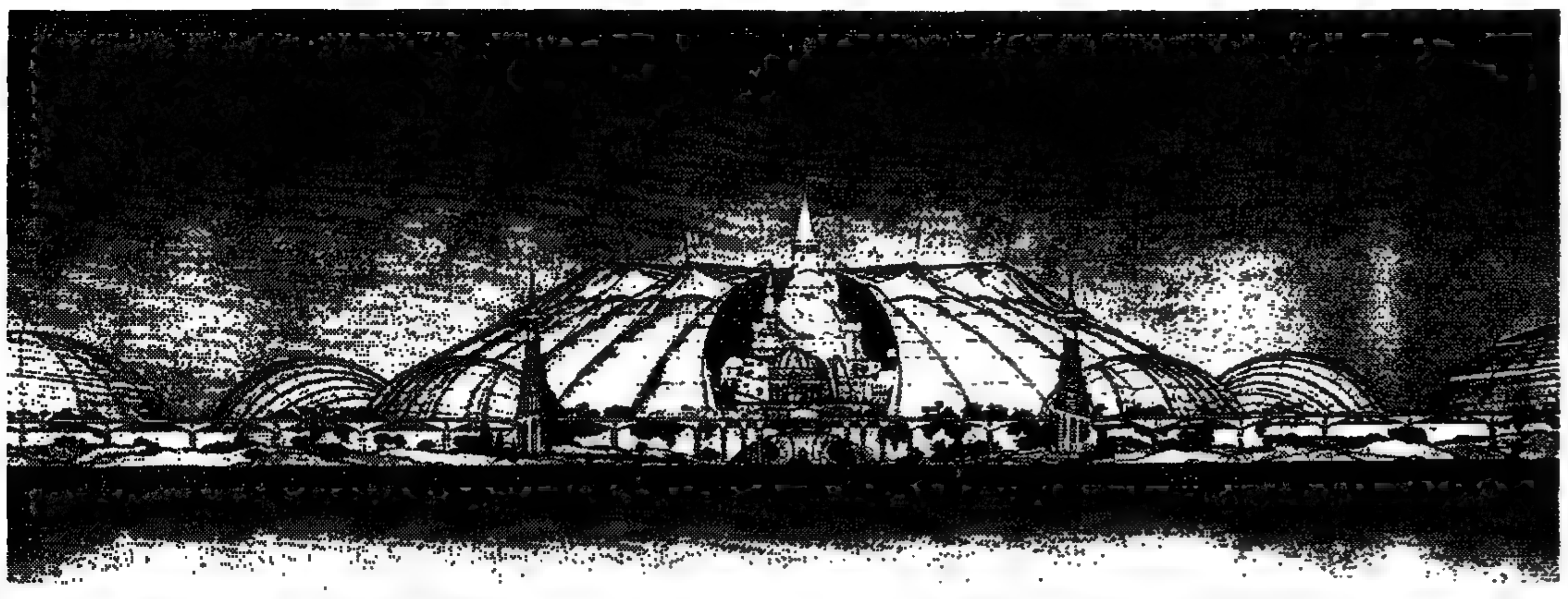
Sir, Andrew Lindsay's estimated cost of a 230-mile round trip (Letters, January 31) may be an improvement on that of Richard Tomkins ("When fare is not fair", January 29), but it is still not good economics. For example, road tax is a fixed cost and has no bearing on the costs of a journey, which must be variable. He also ascribes the loss in value entirely to use, whereas in the UK a car can lose value merely on account of a change in the letter on its number-plate. In addition, no allowance has been made for repairs as distinct from servicing, not to mention parking (and/or fines).

Finally, irrespective of the precise costs involved, there is also the issue of relative convenience, journey time and blood pressure to take into account. Some costs are thus overstated while others are understated, and some not stated at all.

Peter Curwen,
reader in business policy,
Sheffield Business School,
Pond Street,
Sheffield S1 1WB

FINANCIAL TIMES
Tuesday February 4 1992

Abu Dhabi makes plans for father of all funfairs



If Saddam Hussein launched the mother of all battles, Sheikh Zayed bin Sultan al-Nahyan of Abu Dhabi looks set to become the father of all funfairs.

The Gulf emirate, putting behind it the trauma of war and the BCCI scandal, is soon to have its own version of Disneyland.

Abu Dhabi has solicited plans from five competing bidders for a giant $2.5bn leisure complex to be built on a 10 sq km man-made island off the city's seafront.

It is, says Mr Peter Black, senior partner of Scott Brownrigg & Turner, the architects leading the British bid, an "absolutely mammoth scheme".

The complex will be called Lulu Island – after the Arabic word for pearl – and is the brainchild of Sheikh Zayed, the ruler of Abu Dhabi, who decided two years ago that his city state should offer leisure facilities on a par with Disneyland.

In its presentation video, Scott Brownrigg & Turner describes Lulu Island as "a land of fantasy which began as the dream of a prince".

Its design centres on a vast oyster-shaped palace with a latticed dome - the architects claim it will be the world's largest dome - surrounded by a park containing replica buildings from Islamic states. There would also be an 18-hole golf course, ornamental gardens, and a coastline studded with spiralled lighthouses.

The island would be ringed by a monorail, fringed with beaches and dotted with luxury hotels. The whole project is expected to take 10 years to complete.

Five companies, one each from the UK, the US, Canada, France and Germany, have prepared extravagant plans for the project in an extraordinary competitive tender under which Abu Dhabi paid each group $400,000 to prepare their bids. As a result, the bidders' packages, now on display in Abu Dhabi pending a final decision from Sheikh Zayed himself, rival in scale those made to stage the Olympics.

Société Française d'Etudes de Réalisation et de Gestion, leading the French bid, has created a £100,000 ($180,000) model of its design, spectacularly swept by laser beams. The other bidders include Forrec Attractions of Canada, Edaw of the US and a German group.

Mr Black said yesterday that Sheikh Zayed would review the competing packages next week and is expected to reach a decision soon on who will win the project.

Although Kuwait has its own Entertainment City funpark and Qatar is planning a similar venture, Lulu Island would be far and away the Gulf's most lavish entertainment complex.

Hopes dashed for Haiti's refugees

George Graham on criticisms aimed at US repatriation policy

A US Coastguard cutter landed in Haiti yesterday, bearing the first of thousands of Haitian refugees to be shipped back to their island home after they failed to gain asylum in the US.

The repatriation began after the US government won court approval for its action, at the end of a 10-week judicial struggle that moved up to the Supreme Court in Washington.

But the policy faced immediate criticism from human rights advocates as well as from Mrs Sadako Ogata, the United Nations high commissioner for refugees.

Mrs Ogata said continuing reports of human rights abuses and violence committed by security organisations in Haiti were a cause for great concern, and pleaded with the US to delay the repatriation.

For the time being, at least, the administration is repatriating only volunteers who have lost hope of winning entry to the US after being interned for weeks at the US naval base of Guantanamo Bay, in Cuba.

But Brigadier General George Walls, in command of the internment camp, said he was ready to use force if necessary to complete the operation.

The US argues that the Haitian refugees – more than 14,000 of whom have been picked up by the coastguard as they attempted the sea crossing to Florida – are fleeing only poverty, not political repression. Officials claim there is no evidence that refugees face persecution when they return to Haiti.

"The bulk of them are in fact economic refugees, and for that reason, can be returned to Haiti without fear of their lives," Mr Richard Cheney, US defence secretary, said at the weekend.

By keeping the refugees at Guantanamo, the administration has been able to deal with them more speedily than if they had set foot on US soil. However, since the Immigration and Naturalisation Service set up processing facilities at the naval base, 3,400 Haitians have been found likely to qualify for asylum, far more than had been expected.

Human rights organisations, however, say there is substantial evidence of persecution by Haiti's police, and that the level of violence has increased in the four months since a military coup ousted the government of President Jean-Bertrand Aristide.

Organisations such as the National Association for the Advancement of Coloured People have criticised US policy as racist, noting that lighter-skinned Cubans are routinely granted political refugee status.

Politicians from Florida, which could be expected to bear the brunt of the wave of Haitian immigration, as well as some leaders of the Cuban exile community, have joined the condemnation of US policy.

While the US is certainly open to charges of applying a double standard, it may be more on the grounds of political hue than of skin colour.

"There is a double-standard between communist and non-communist countries that lingers," says Dr Charles Keely, Herzberg professor of international migration at Georgetown University.

"The second double standard is that the US sees things differently in its own hemisphere; it doesn't want to become the Thailand of the western hemisphere," he adds.

The US has condemned the Haitian coup leaders as a military dictatorship. Nevertheless, the US has for years been much more tolerant of abuses by rightwing dictators such as Haiti's Papa Doc Duvalier than leftwing dictators such as Cuba's Fidel Castro.

The difference in policy towards Haitian and Cuban refugees today calls to mind President Franklin D. Roosevelt's dictum about Nicaragua's first Somoza dictator: "He may be a son of a bitch, but at least he's our son of a bitch."

The US's greatest problem, however, is that it does not have any ready strategy for reversing the Haitian coup.

The trade embargo which it has enforced, in concert with the Organisation of American States, has had its fiercest impact on the Haitian poor and may have accelerated the outflow of refugees.

Military action might work, but officials fear it would inevitably resemble the 19-year occupation that followed President Woodrow Wilson's decision to send the Marines to the impoverished island in 1915.

Underlying the US determination to turn back refugees is the fear that a more welcoming policy would only stimulate an unmanageable flood.

"The world works on a fiction that policy decisions are based on humanitarian grounds. In essence, refugee decisions are political decisions, and no amount of legislation will make that different," concludes Prof Keely.

UK election row grows over 'dirty tricks' claim

By Ralph Atkins in London

CLAIMS that the UK security services may have been involved in the theft of computer data from opposition Labour MPs' offices yesterday stoked an already fermenting pre-election air of inter-party hostility and distrust.

Revelations by the opposition Liberal Democrats and ruling Conservative parties that some of their constituency offices have also been burgled failed to calm the fears of some Labour MPs that their party has been the subject of a surveillance operation.

Mr Peter Hain, Labour MP for Neath, demanded that ministers launch an inquiry into why six Labour MPs' parliamentary offices were broken into and computer disks or other equipment tampered with. The MPs included Mr Jack Cunningham, Labour's campaign coordinator, and Mr John Prescott, the party's transport spokesman.

"Who could have been interested in the Labour party's plans and strategy in the run-up to the general election? I think the answer can only be either the intelligence services supplying the Government or the Conservative Party," Mr Hain said on BBC radio.

Despite the Labour leadership's refusal to become involved and the scorn poured on conspiracy theories by ministers, the allegations added to a frenzied atmosphere of smear and counter-smear, sometimes bordering on the farcical.

Coming after Labour claims of a Tory-inspired "smear campaign" over the opposition party's links with the Kremlin in the early 1980s, and opinion polls showing Labour and the Tories running neck and neck, the claims presaged what could become Britain's dirtiest general election.

Mr John MacGregor, leader of the Commons, dismissed suggestions of a political intelligence operation as "symptomatic of the kind of hysteria that seems to have built up on the Labour side." Only one break-in at Westminster had been reported to the House of Commons' authorities, he said. Conservative Central Office officials, however, said last night that some constituency offices in marginal seats had been burgled in the last year. Computer equipment and a microwave oven were stolen from the office of the party chairman, Mr Chris Patten.

The Liberal Democrats' election strategist, Mr Des Wilson, called for a tri-party pact to concentrate on issues, not smears. Asked about the burglaries, he said: "I don't know and I don't care".

Last September, a Liberal Democrats' membership list, stored on a hard computer disk in offices in Yorkshire, was also stolen. Party officials were unable to explain what use it might be to the intelligence services.

Tories woo business, Page 6
Joe Rogaly, Page 13

Warning for world economies

By Peter Norman, Economics Correspondent, in London

MR Robin Leigh-Pemberton, governor of the Bank of England, last night warned against dramatic measures to stimulate growth in the UK and world economies.

Speaking at the annual banquet of the Overseas Bankers Club in London, Mr Leigh-Pemberton said governments should keep their nerve and react cautiously to calls for further substantial reductions in interest rates, concerted fiscal stimulus or changes in the rules governing bank lending.

The industrial countries "should not lose faith" in the underlying strategy they have pursued since the early 1980s.

The best recipe for a durable recovery was "based on the restoration of price stability and the pursuit of stable budgetary policies as the preconditions for sustainable growth", he said.

Mr Leigh-Pemberton did not rule out "selective, well-designed measures" to improve the responsiveness of economies to the basic strategy or in response to changing circumstances. But he underlined that policymakers must aim for lasting expansion rather than rapid short-term recovery.

The governor expressed his support for the German central bank's counter-inflation policy that has included a sharp rise in interest rates. "The importance of stability as the basis for sustainable growth is the reason I have considerable sympathy with the priority the Bundesbank gives to the fight against inflation," he said.

Britain's long-term interest lay "in matching, or even exceeding the standard of price stability set in Germany", he said. Only in that way could it pave the way for sustainably lower interest rates and durable non-inflationary growth.

Britain and the US had suffered long-running recessions because of the large-scale financial imbalances built up during the 1980s. But the governor expected growth in the industrialised countries would be close to the underlying growth rate of their productive potential by the end of 1992.

Power users fight nuclear levy

By Deborah Hargreaves in London

BIG UK industrial users of energy such as GKN, the engineering group, and Blue Circle Cement will refuse to pay part of their electricity bills in April when annual supply contracts are renewed, in protest at price increases.

The companies say they will not pay the element in their bills that goes towards the annual subsidy for the UK's nuclear generation sector. This subsidy represents 11 per cent of an industrial user's payment, amounting to £350m ($633m) for industry as a whole.

At a recent meeting of large electricity users companies expressed anger at the prospect of rises of 25-30 per cent in their bills this year.

The Major Energy Users Council will meet Mr John Wakeham, energy secretary on February 12 to discuss the issue and to express members' concern about rising prices.

Large users have complained for some time that rising prices in the electricity wholesale market – on which annual contracts are based – are affecting their ability to compete with European rivals.

"In the UK, major users are paying the same prices as domestic customers," said Mr Tom Lowes, chief energy buyer for Blue Circle. The users' group says regular customers using large amounts of electricity should get a discount.

Mr Lowes said the UK cement industry needed electricity prices of 1.9p to 2p a kilowatt hour – or the equivalent of other fuels – in order to compete with European rivals, whereas this year he expects to have to pay about 3.6p.

"There is no way to pass electricity price costs on to consumers in the current recession – if the price of cement is put up, we will just get more imports," he said.

Most industrial companies are already squeezing their own suppliers to bring costs below the rate of inflation.

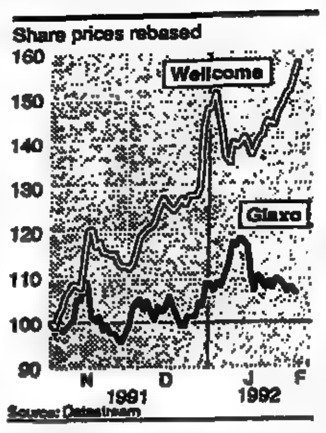
THE LEX COLUMN

A lack of steel in Germany

The unexpected resolution of the German steel dispute leaves the markets slightly wrong-footed. The avoidance of a strike is evidently good for German industrial output, which is scarcely robust at present. On the other hand, an increase of 6.4 per cent for a crippled industry such as steel scarcely augurs well for the rest of the wage round, even if it is argued that the settlement is a hangover from last year. It seems highly unlikely that the Bundesbank will raise rates at this early stage, if at all. But the postponement of a rate cut until the second half of the year looks still more likely than before.

The implications for the UK economy are correspondingly glum. Whatever hopes were raised a week or two ago about a cheeky pre-election cut in base rates, it is worth recalling that three-month money rates never fell below 10⅝ per cent. That is, the market always rated a rise as fractionally more likely than a cut. Granted, since the rate technically expresses expectations of average base rates over the next three months, it has to balance the chances of a Budget cut against the possible effects of a Labour victory in an early election. If the equity market were to follow the same logic, it should not be unduly sanguine about economic recovery.

FT-SE Index: 2,560.2 (-11)



Source: Datastream

Granada

No doubt there will be tears shed at the Rover's Return, the pub immortalised by Granada Television's long-running series, Coronation Street. But sober shareholders ought to accept yesterday's enforced resignation of chairman Mr David Plowright as the inevitable and probably welcome consequence of the changing face of commercial television.

The abruptness of the departure of one of the doyens of UK programme-making is an embarrassment in the short term. But it is already clear that a fresh combination of management skills will be needed when the new terrestrial TV regime begins in earnest next year. Granada admittedly has a well-deserved reputation as a cash cow, and last year pulled off a brilliant coup by retaining its franchise on the cheap. But with its old monopoly profits no longer assured, and a higher annual bill from the Treasury under the new levy system, a cheaper cost structure is required. Differences with Mr Plowright evidently go deeper than this. But whatever they are, they have distracted attention from the main task. Granada, for example, has been absent from the power bloc building up around Carlton, LWT, Central and Scottish.

On balance, yesterday's development should do nothing to dent the recovery in investor sentiment towards Granada. But having outperformed the market by 50 per cent since last July the shares may now find the going harder.

BP

BP's extended foray into food processing does not rank in the first division of failed oil company diversifications: remember Mobil the retailer, or Exxon in its brief days as an electric motor manufacturer. But the group's decision to label its nutrition division a "non-core" business certainly places it in the league of embarrassing mistakes, not least because such high hopes were invested along with BP's cash. Three years ago, BP made a similar change in the status of its coal business, saying nutrition would be the engine of future non-oil growth. So much for that.

Assuming the division will now be sold off piecemeal, BP should avoid write-downs of the sort associated with rivals' ventures. It will be rather harder to hide from scrutiny a return on capital averaging only 6 per cent in the past five years. BP may try to restore investors' faith by increasing its final dividend next week, even though it would thereby increase the pressure on its cash flow.

The group's narrow concern is to make the nutrition division self-funding in the meantime. Given that the business was cash-generative in 1990, that should be simple. Selling it will be rather harder. But if BP is lucky, it could raise up to £700m, equivalent to about a tenth of group debt. Whether it can raise anything like that this year is another matter.

The broader question concerns big oil's inability to do anything sensible with its profits except invest them in further exploration or pay them out to shareholders. If the recent round of dismal fourth-quarter results from US oil companies is an accurate reflection of the industry's woes, it might be as well to avoid the sector altogether.

Wellcome

Yesterday Wellcome's market value rose above £10bn for the first time, ranking it ahead of Hanson as the seventh biggest stock on the London market. Nine months ago its value was £5bn. In the past three months it has outperformed Glaxo by over 40 per cent. This is partly because the market has begun to see Glaxo as overvalued. Wellcome is on about 32 times this year's earnings, Glaxo on 25 times. How long can Wellcome keep it up?

Yesterday's 2 per cent rise was due to further evidence that AZT delays the onset of Aids in HIV-positive patients who have not yet developed Aids symptoms. But that is a familiar story. As Wellcome has always conceded, the problem lies rather in getting symptom-free patients to take a drug of AZT's fearsome reputation. In any event, Wellcome's earnings growth depends more on the versatility of its older anti-viral drug Zovirax. Its stock market reputation has also benefited of late from the infusion of fresh management, which can have little immediate effect on the development of a drug portfolio. Unlike Glaxo, which has on the whole risen fairly steadily over the years, Wellcome has always been prone to wild speculative swings. Like Glaxo, it is in fundamental terms a remarkable company. It might be overvalued just the same.

Eurotunnel

Memo to UK government: give in quickly to Eurotunnel's cheeky compensation claim for the cost of additional safety requirements. A settlement would provide ideal cover for a state cash injection urgently needed to head off an electorally damaging row if the tunnel operator and the UK contractors fail to resolve their own dispute over costs. Memo to investors: don't count on it.

WORLDWIDE WEATHER

		°C	°F			°C	°F
Ajaccio	C	13	55	Berlin	C	4	39
Algiers	S	14	57	Biarritz	S	11	52
Amsterdam	S	7	45	Bombay	S	28	82
Athens	S	9	48	Bordeaux	Fg	1	34
Bahrain		–	–	Boulogne	S	8	46
Bangkok	F	31	91	Brussels	S	6	43
Barcelona	S	13	55	Budapest	S	3	37
Beirut		–	–	Buenos Aires	C	30	86
Belfast	S	6	43	Cairo	C	11	52
Belgrade	F	6	43	Cape Town		–	–

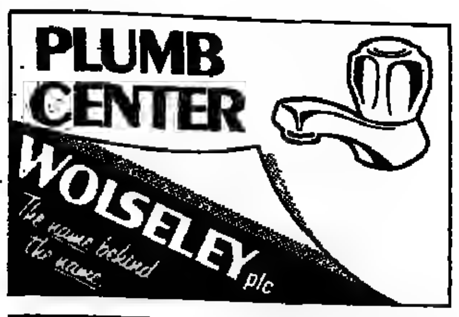
		°C	°F			°C	°F
Caracas	C	28	82	Faro	S	15	59
Casablanca	S	19	66	Florence	F	5	41
Chicago	S	-1	30	Frankfurt	R	3	37
Cologne	F	6	43	Geneva	S	6	43
Copenhagen	F	5	41	Gibraltar	F	15	59
Corfu	S	11	52	Glasgow	S	6	43
Dallas	C	12	54	Helsinki	Sn	1	34
Dublin	F	8	46	Hong Kong	S	20	68
Dubrovnik		–	–	Innsbruck	F	4	39
Edinburgh	F	9	48	Inverness	F	5	41

		°C	°F			°C	°F
Islamabad	F	17	63	Madeira	C	18	64
Istanbul	F	3	37	Madrid	S	8	46
Jakarta	R	31	88	Majorca	S	15	59
Jersey	F	9	48	Malaga	S	15	59
Johannesburg		–	–	Malta	[illegible]	11	52
Lima	C	27	81	Manchester	C	7	45
Lisbon	S	11	52	Manila	F	31	88
London	S	8	46	Melbourne	F	[illegible]	72
Los Angeles	S	18	64	Mexico City	R	21	70
Luxembourg	C	0	32	Miami	F	17	63

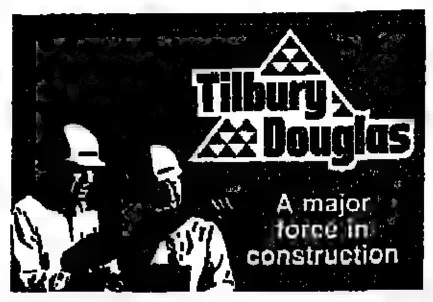
		°C	°F			°C	°F
Milan	F	9	48	Nicosia	T	8	46
Montreal	S	-19	-2	Oporto	S	14	57
Moscow	C	-2	28	Oslo	S	5	41
Munich	F	7	45	Paris	C	6	43
Nairobi	S	27	81	Peking	S	3	37
Naples	F	11	52	Prague	Sn	1	34
Nassau	C	23	73	Reykjavik	[illegible]	1	34
New Delhi	S	17	63	Rhodes	S	10	50
New York	S	-4	25	Rio de Janeiro	C	34	93
Nice	S	[illegible]	54	Rome	S	12	54

		°C	°F			°C	°F
Salzburg	F	5	41	Tenerife	F	19	66
San Francisco	S	8	46	Tokyo	F	7	45
Seoul	F	4	39	Toronto	C	-4	25
Singapore	F	29	84	Tunis	F	13	55
Stockholm	R	3	37	Valencia	S	15	59
Strasbourg	R	3	37	Venice	S	5	41
Sydney	F	30	86	Vienna	F	7	45
Taipei	F	25	77	Warsaw	F	1	34
Tangier	S	15	59	Washington	S	-2	28
Tel Aviv	S	19	66	Zurich	F	2	36

Temperatures at midday yesterday. C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder



FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday February 4 1992



INSIDE

Allied-Lyons confirms Brent Walker deal

Allied-Lyons, the UK drinks, food, and retailing group, yesterday confirmed that it intends to go ahead with its plan to lease 734 pubs to Brent Walker, the debt-laden UK leisure group. Page 23

Anglo United details strategy

Mr David McErlain (left), chairman of Anglo United, owner of Coalite, the UK smokeless fuel business, has detailed his strategy for selling businesses worth about £100m ($181m) which would enable him to proceed with his ambitious plan to buy British Coal's assets. Page 23

Happy Birthday to YSL

It is hard to avoid Yves St Laurent in Paris these days. The face of France's most famous fashion designer is splashed across magazines and television screens following yesterday's party to celebrate the 30th anniversary of his fashion house, a *"fête de famille"* for 2,800 guests at the glossy new Opéra Bastille. The 30th birthday comes at a critical time for St Laurent. Mr Yves St Laurent is an institution in French fashion. He is cast in the role of the tortured genius, so shy and so sensitive that he sometimes does not even attend his own shows. Page 16

Japan lifts world index

A strong showing in Japan, on the back of futures-linked buying, helped lift the overall performance of global stock markets last week. Page 36

Growing discontent

Russia's fledgling class of private farmers, experimenting with western style lobbying, yesterday hit out against an unpopular 28 per cent value added tax and demanded more support from the government. Page 24

Oil group wields the knife

Imperial Oil, Canada's biggest oil company, is set to take the knife to itself within a few days in some of the most radical surgery ever inflicted on a Canadian company. Page 17

Hard times for brokers

Japanese securities houses are being hard hit by the ailing Tokyo stock market, which has entered its third year of weakness. Faltering trading volume has led to sharply lower stock broking commissions. Some brokers have stopped travelling first class on the trains. Page 20

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
AG Ind & Verk	716	+	13
Aachen Mch	960	+	25
Dragerwerk	280	+	7
Mannheim Vers	748	+	8
Falls			
Colonia Konz	985	−	10
Kaufhof	467	−	8

NEW YORK ($)

Rises			
Advanced Inter	$19\frac{3}{4}$	+	$2\frac{1}{8}$
Alliance Pharm	35	+	6
Upjohn	$42\frac{3}{4}$	+	$1\frac{1}{2}$
Falls			
Intel	$59\frac{1}{4}$	−	$\frac{1}{8}$
Pepsico	$33\frac{5}{8}$	−	$\frac{1}{8}$
US Bioscience	$18\frac{7}{8}$	−	$12\frac{3}{8}$

New York prices at 12.30.

PARIS (FFr)

Rises			
Cred Lyon	543	+	13
Falls			
EBF	730	−	15
Fonc Lyonnaise	608	−	32
GTM-Entrepose	380	−	11.5
Ørsan	218	−	11
UAP	529	−	19

TOKYO (Yen)

Rises			
Crown	1500	+	200
Nippon Seiro	300	+	25
Shin-Etsu Poly	805	+	50
Yuasa Trading	327	+	31
Falls			
Ahrestry	1450	−	130
Mitsui	338	−	25

LONDON (Pence)

Rises			
Amber Day	81	+	3
Beckford Ind	26	+	2
Delta	312	+	12
Honeysuckle	32	+	6
Pegasus	175	+	5
Securiguard	136	+	17
Stanchley	125	+	6
Stanhope Props	25	+	3
Wace	125	+	21
Wellcome	1173	+	31
Wessex Water	412	+	12
Wilkes (J)	182	+	5
Falls			
Airsprung Furn	284	−	10
BET	146	−	5
Brit Aerospace	279	−	6
Brit Steel	$75\frac{1}{2}$	−	$2\frac{1}{2}$
Courtaulds	522	−	12
Haggas (J)	$78\frac{1}{2}$	−	$7\frac{1}{2}$
Lonrho	128	−	3
Menzies (J)	429	−	31
Siebe	563	−	16

Marsh & McLennan in French deal

By Richard Lapper in London and Alice Rawsthorn in Paris

MARSH & McLennan, the world's biggest insurance broker, yesterday announced the acquisition of Faugère & Jutheau, to complete its network of wholly-owned European subsidiaries.

Faugère, a family-owned company, is the dominant force in French insurance broking, and counts such corporate giants as Peugeot, Bull and Banque Nationale de Paris among its clients.

New York-based Marsh & McLennan, which already owns a third of Faugère, paid $105m in cash to secure the deal which is still subject to formal approval by the French government. In 1991 Faugère's profits after tax were FFr36m ($6.51m), revenues amounted to $125m.

A separate joint-venture between Marsh and the family of chairman, Mr Robert Husson, is to be formed to manage Faugère's African businesses, which generated some $21m of the total in 1991. Third parties may be asked to take part.

The Marsh network in Europe – which covers 16 countries – also includes the Lloyd's broker CT Bowring in London and Germany's largest broker, Gradmann & Holler, which was acquired in 1986.

Last week Marsh established a new subsidiary in the Netherlands, following the sale of its 30 per cent stake in Hudig Langeveldt last year.

Mr Frank Tasco, chairman of Marsh's broader holding group which also manages risk management and employee benefit consultancies, said: "It is not enough just to have affiliates in each of the countries in which we do business. Having common shareholders and being a full participant in the Marsh & McLennan worldwide organisation provide significant advantages for our clients."

Marsh has had a correspondent relationship with Faugère since 1969 and acquired its original one-third interest four years later. But hitherto the French group had been unenthusiastic about the prospect of sacrificing full control.

Mr Husson accepted yesterday that closer collaboration had always been on the cards. "You have to become international or you are lost. We would have been foolish not to have gone further."

Marsh's acquisition of Faugère comes at a turbulent time for the French insurance industry.

The three state-controlled insurers – Union des Assurances de Paris (UAP), Assurance Générales de France (AGF) and Groupes des Assurances Nationales (GAN) – are preparing to see part of their equity sold in the government's partial privatisation programme.

Tracy Corrigan on prospects for UK stock options

A new Liffe together

The flood of young men and women in brightly coloured jackets who yesterday poured on to the recently-opened London International Financial Futures Exchange trading floor for the first time looked just like the futures traders who have been dealing there since late last year.

But there was an important difference: yesterday's arrivals were the stock-option traders of the London Traded Options Market, sharing premises with the futures exchange ahead of the two organisations' merger, under the Liffe banner, on March 20.

For the options traders, the move – and the merger – do not come a moment too soon. The UK stock options market, under the wing of the stock exchange, has been dying a slow death. Only the option on the FT-SE 100 index is consistently heavily traded; the 67 options on individual stocks have been dogged by low volume.

Retail investors have been virtually absent from the market since the stock market crash of 1987. But the woes of the UK options market cannot be blamed solely on stock market weakness. The Deutsche Terminbörse (DTB), the German exchange, OM, the Swedish exchange and Holland's European Options Exchange all traded more stock and stock index contracts than LTOM last year.

Individual stock options are caught in a nasty bind: without enough demand from UK financial institutions to create steady volume, investment banks are unwilling to commit the resources to making liquid markets. Yet without such liquidity, institutions are unlikely to be tempted in.

The merger with Liffe and the move to share premises mark the options market's best hope of breaking out of this vicious circle. It will have an immediate impact on the one part of the market that is already doing well: the FT-SE index contract.

Many traders predict that volume in the FT-SE 100 stock index option could double after the merger, partly because it will bring in Liffe members who had not previously been involved in the options market.

"At the point of merger, with the influx of new members, the initial impact will be on the FT-SE contract," says Mr Tony de Guingand, chief executive of LTOM, who will be finance director of the merged exchange.

The FT-SE options pit is situated about 20 yards from the pit where the index futures are traded – a distance designed to make it tricky for futures traders to work out the exact positions, and hence hedging needs, of options traders, yet to allow the two products to feed each other.

"The juxtaposition of the two products [the FT-SE option and future] will have a dramatic effect in boosting volume," says Mr David Heron, head of derivatives at James Capel.

There is less confidence about the future of individual stock option trading. To bolster the market, a number of changes will come into force when the merger takes place next month. The moves include concessions for marketmakers which allow them to avoid stamp duty and to finance their positions through the stock borrowing system, as well as other ways of making the market work more smoothly.

Despite these undoubted improvements, the merger almost failed because it was hard to find enough firms willing to act as marketmakers in individual stock options. In the end, six marketmakers came forward, but dealers say that may not be enough to provide adequate liquidity.

The leading UK investment banks with large trading operations in the underlying stock market will not be making markets on individual options. They already benefit from the tax and regulatory concessions offered to marketmakers, since they make markets in the underlying stocks.

The larger houses had tried to shift trading of individual options on to a screen-based system, which they believed would have reduced costs. But this was vehemently opposed by trading firms like City of London Options and Hills Independent Traders. These smaller firms won the battle to keep trading on the exchange floor and have agreed to act as marketmakers, partly because of the associated privileges.

But the threat of a move to a screen-based system has not gone away. If trading volume in options fails to pick up, it will certainly be reconsidered.

In the meantime, the new relationship is off to a stumbling start, as the two markets live together but are not yet officially married. Until the merger takes place, the shares which entitle holders to trade equity options will not be issued, so some of the firms which subscribed are not yet eligible to trade. In the meantime, only LTOM members can participate, depriving the market of some new blood, including specialised derivatives firms which have made their mark on Liffe, such as Kyte Futures.

Once the merged market is working fully, much depends on the participation of UK fund managers, the logical mainstay of the market given the heavy concentration of UK equities in their portfolios. They are focusing increasing attention on derivative products, since the government's recent clarification of legal and tax uncertainties, but have so far concentrated their attention on index products.

Liffe expects around 50 new traders to become active in the market over the next 12-18 months. Even if many of these are focusing on index options, the influx of new participants will provide a fillip.

"I think we will see a substantial increase in index option trading, but also a core of active stock options," said Mr David Kyte, managing director of Kyte Futures.

The move to the new floor, at Cannonbridge, a development close to Cannon St railway station in the City, removes the last vestiges of securities trading from the floor of the London Stock Exchange, deserted by dealers in underlying shares since Big Bang five years ago. So far, futures and stock index options traders have successfully retained the face-to-face dealing that the stock market has abandoned. For traders in individual stock options, the move and the merger it heralds offer a last chance to match that success.

Nissan to close its Australian plant

By Steven Butler in Tokyo and Bruce Jacques in Sydney

NISSAN MOTOR, the Japanese carmaker, said yesterday that it would close its unprofitable Australian assembly plant at Clayton in Victoria with a loss of 1,800 jobs by October.

The decision, while not entirely a surprise, is without precedent for Nissan and extremely unusual for any Japanese company, where lifetime employment is common.

The company plans to become a car importer in Australia, but will maintain manufacture of components and castings from a plant in the Melbourne suburb of Dandenong, mainly for export.

Nissan said its hand was forced by the policy changes of the Australian government last year, which brought down import tariffs to improve the competitiveness of the Australian car industry.

Mr Yoshikazu Hanawa, executive vice-president, said in Tokyo that the Australian government's plan to reduce tariffs from 35 per cent to 15 per cent by 2000 made the operation no longer viable. The Australian manufacturing operation had been plagued by cost and quality problems.

Nissan has been hit by the prolonged Australian recession. Nissan's Australian production declined from 53,000 vehicles in fiscal 1990 to an expected 33,000 vehicles in fiscal 1991, which ends in March. The Australian subsidiary posted a Y12.5bn ($99m) loss last year and is expected to post a similar loss in the current fiscal year.

The Japanese company's withdrawal from Australia will leave US-owned Ford and General Motors and Japanese-controlled Toyota and Mitsubishi as Australian car manufacturers. But many industry analysts believe at least one of these will quit this decade.

Toyota has cut Australian employment by 900 workers in the past two years through voluntary redundancies. It is building a new manufacturing facility which will largely replace existing outmoded plant and lead to further job losses.

Ford let some 1,600 workers go at the end of 1990.

Nissan said it would incur a Y40bn extraordinary loss as a result of the plant closure but that this would be offset by asset sales elsewhere in the group.

The closure had been rumoured for some days since Mr Leon Daphne, Australian chief executive, had talks at the company's head office in Tokyo.

Microsoft replaces president with three top executives

By Louise Kehoe in San Francisco

MICROSOFT, the US computer software group, yesterday announced top management changes and a broad reorganisation of its operations. The company said Mr Michael Hallman, its president, has resigned and is to be replaced by a three-man "office of the president".

Mr Hallman's resignation was a "mutual decision" arrived at by Microsoft's board of directors on Saturday, a spokesman said.

His departure comes as a surprise, since Microsoft's financial performance has strengthened in the two years since Mr Hallman joined the company.

"I have great respect for Mike Hallman, and for his contributions," said Mr William Gates, Microsoft chairman and chief executive. "But the unique nature of our business has outgrown the role of the traditional company president. Microsoft has grown at a remarkable rate over the past two years. We now have more than 10,000 employees, and revenues of $2.3bn in calendar year 1991."

Mr Hallman, a former Boeing and International Business Machines executive, joined Microsoft almost two years ago, when he was seen as bringing a new level of maturity to Microsoft's management.

It had become difficult for anybody from outside the industry to "dig into all of the many issues facing us", said Mr Steven Ballmer, one of the three executives to join the office of president.

Mr Hallman is to be replaced by three of Mr Gates's closest associates. Mr Michael J. Maples, 49, formerly senior vice-president, in charge of application program products, has been promoted to the new position of executive vice-president, worldwide products group. He will oversee all Microsoft's product development activities.

Mr Steven Ballmer, 35, formerly senior vice-president, with responsibility for systems software, will be in charge of worldwide sales support and marketing activities as executive vice-president, worldwide sales and support group.

Mr Francis Gaudette, 56, Microsoft's chief financial officer, will be responsible for manufacturing and distribution, finance, human resources, corporate services groups and Microsoft Press.

UK television chief forced to quit

By Raymond Snoddy in London

MR DAVID PLOWRIGHT, executive chairman of Granada, the British commercial television service, was yesterday forced to resign less than four months after leading the company's successful bid for a new franchise.

His departure, after more than 30 years at Granada, was seen yesterday by many in British commercial television as a symbolic turning point reflecting the pressures in the industry after the competitive tenders for new franchises.

Mr Plowright, who had been associated with programmes as diverse as Coronation Street, Disappearing World, Brideshead Revisited and Jewel in the Crown, made no attempt to disguise the split within the board of the parent Granada Group.

"There is a fundamental disagreement between myself and the board of Granada about how to manage the change into the new broadcasting environment of the next decade. In these circumstances, the group board has asked for my resignation as executive chairman of Granada Television," Mr Plowright said.

Staff and department heads at Granada TV in Manchester voiced their opposition to the forced resignation. One staff petition said: "His going is not simply a tragedy for Granada but is a blow to the entire future of British television."

One Granada executive said: "It's a clash between public service television and accountancy television."

Mr Andrew Quinn, Granada TV's managing director, becomes chief executive and Mr Gerry Robinson, chief executive of the parent group, is expected to become non-executive chairman.

Two contradictory accusations were being levelled at Mr Plowright at the Granada group level yesterday. One was that he was autocratic and would not begin the dialogue on the urgent need for change which the board felt was necessary. The second was that he was inconsistent – appearing to agree that speculative film ventures, such as My Left Foot which won acclaim but not profits, would have to stop and then changing his mind.

Executives say the real issue is that Mr Plowright was faced with demands for month-on-month profit increases that he believed were threatening the integrity of Granada's licence application.

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Astra's parent company placed in receivership

By Jane Fuller in London

THE FINAL nail appeared to be hammered into the coffin of Astra Holdings yesterday as the parent company of the munitions and fireworks-maker was put into receivership.

Astra, which is being investigated by the UK Department of Trade and Industry and had a brush with the Iraqi supergun affair via a disastrous Belgian acquisition, owes £50m ($89.5m) to five banks.

They could not agree on a restructuring of that debt and so receivers from Cork Gully were appointed yesterday to the parent company, although not to the main operating companies in the US and UK.

It is understood that the banks, led by First National Bank of Boston, had initially disagreed about calling in the receivers, but all signed the document.

Disappointment was expressed by Mr Roy Barber, chairman, and Mr Tony McCann, chief executive, who have spent nearly two years sorting through the wreckage. This included about £80m losses in a company with annual sales of little more than that.

Mr McCann said: "The five operating companies had all been brought back into profit before interest payments. The pain of restructuring in bringing the debt down to a realistic level would have been less than through this type of action."

The £50m syndicated loan dates back to 1988. Organised by the Bank of Boston, it also involves Midland Bank and Hill Samuel. It followed Astra's purchase of a British company called BMARC for £60m, twice the amount raised in an associated rights issue.

Although Astra defaulted on the loan early in 1989, no mention of this was made in a rights issue document that summer.

The main reason for the £36m issue was to fund the purchase of PRB, a Belgian munitions company, but about one-third of the proceeds went towards reducing bank borrowing and strengthening Astra's assets.

PRB has since collapsed and has never been included in Astra's profit and loss account.

Its share price was suspended at 3¼p yesterday, giving the company a market value of about £3m.

Courage to sell Ruddles to Grolsch for £40m

By Philip Rawstorne and Ronald van de Krol

COURAGE, the UK arm of Fosters Brewing of Australia, has agreed to sell its Ruddles real ale brewery and brands to Grolsch, the Dutch lager brewer.

Grolsch will fund the estimated £40m ($71.6m) acquisition out of its own cash resources.

Mr Michael Foster, Courage managing director, said yesterday that the deal, which is subject to approval by the Office of Fair Trading, offered "compelling benefits" to all three parties.

The acquisition marks another significant step in Grolsch's strategy of building a strong portfolio of premium beer brands in north-west Europe. It bought the Wickuler group in Germany just over a year ago.

Grolsch lager, first introduced into the UK in distinctive swing-top bottles in 1979, increased UK sales by 20 per cent last year to about 165,000 barrels.

The addition of Ruddles, which had a turnover last year of £30m, will give the group a foothold in the growing real ale market, and a platform for expansion.

The UK's premium lager and ale markets are together bigger than the total Dutch beer market of 8m barrels.

Grolsch will employ all 127 of Ruddles' present staff but has no plans to brew its lager at the Langham, Leicestershire, brewery.

The Dutch brewer will take over responsibility for sales and marketing of the Ruddles brands in the take-home trade, but Courage will continue to sell the beer to pubs and clubs, which account for about 70 per cent of volume sales, under a five-year, non-exclusive agreement.

The agreement with Grolsch, apart from providing some welcome cash for Fosters, helps Courage to sort out its extensive portfolio of ales. The group has been reviewing its brands, which include Courage, John Smith's, Webster's and Wilson, and is expected to stop brewing one or two of them.

Famous face of fashion wears well in tough times

Alice Rawsthorn on the house of Yves St Laurent

IT IS hard to avoid Mr Yves St Laurent in Paris these days. The face of France's most famous fashion designer is splashed across magazines and television screens following yesterday's party to celebrate the 30th anniversary of his fashion house, a *"fete de famille"* for 2,800 guests at the glossy new Opéra Bastille.

The 30th birthday comes at a critical time for St Laurent. It, like the rest of the global luxury goods industry, has spent the past year struggling against the parallel problems of economic recession and the backlash against the conspicuous consumption of the 1980s.

"Life has been difficult, but not disastrous," said Mr Pierre Bergé, president of YSL. "The first half of this year will be tough, but there are already signs of recovery. The second half should not be too bad at all."

Mr Bergé has worked with Mr St Laurent since the very beginning. They met in the late 1950s, when Mr St Laurent was a precociously gifted young designer at Christian Dior, one of the most prestigious houses in Paris. In 1960, Mr St Laurent was drafted into the French army to fight in the Algerian war. He broke down, unable to cope with army life. Mr Bergé rescued him from a military hospital outside Paris. In the meantime, Dior had found a new designer. Mr St Laurent sued and used his £48,000 ($86,880) damages to found his own house.

Mr Yves St Laurent is now an institution in French fashion. He is cast in the role of the tortured genius, so shy and so sensitive that he sometimes does not even attend his own shows. Rarely a season goes by without rumours running around that he is too ill or too depressed to work. Mr Bergé once described him as being "born with a nervous breakdown".

Mr Bergé, or 'Pierre the Panther', as the French press call him, is seen as the business brains, the efficient *eminence grise* behind the scenes. Recently, he has become more prominent through his role as head of the three Paris opera houses and his friendship with President François Mitterrand. The mere mention of his name is an anathema to right wing industrialists, to whom 'Pierre the Panther' is a prime mover in 'La Gauche Caviar', France's sybaritic socialists.

Even his critics concede that Mr Bergé has turned St Laurent into a financial success. He was one of the first in the fashion industry to forge links with the mainstream business community. In 1986, he did a deal with Mr Carlo de Benedetti, the Italian industrialist, which enabled St Laurent to buy back its perfumes. Three years later, St Laurent became the first publicly-quoted fashion house when it floated on the Paris stock market.

Today, at a time when so many fashion designers have been subsumed into luxury goods conglomerates such as Mr Bernard Arnault's LVMH and Mr Henri Racamier's Orcofi, St Laurent is not only independent, but one of the very few houses to own its own perfumes.

The company now generates annual sales of more than FFr3bn. Four-fifths of its turnover comes from perfume and cosmetics. *Haute couture*, the business with which it began 30 years ago, musters little more than 1 per cent of overall sales.

Last year, St Laurent suffered a slight fall in profits when the disruption of the Gulf war aggravated the depressive effects of the recession. Cholet-Dupont, the Paris stockbroker, forecasts a fall in net profits from FFr252m ($46.6m) in 1990 to FFr236m in 1991, with a modest recovery this year to FFr258m as the luxury goods market moves out of the doldrums.

Once the recession is over, St Laurent will face a new set of challenges in the increasingly competitive luxury goods industry. Just as groups like LVMH have invested in high fashion, so the giant consumer goods companies, such as Unilever and Procter & Gamble, have expanded in its other areas of activity, perfume and cosmetics.

These companies have deployed their huge research resources and hefty marketing budgets to raise the cost of competing in St Laurent's main markets. This means that its future expansion projects will not only be more difficult, but also more expensive.

St Laurent's recent foray into skin care involved a significant investment in research facilities. The proposed launch of a new perfume next year will be accompanied by heavy advertising, although Mr Bergé insists St Laurent will "not spend crazy sums – $30m and $40m – like our competitors".

In the long term, the increasingly competitive state of the luxury good industry may make it difficult for St Laurent to retain its independence. This, coupled with the inevitable questions as to who will succeed Mr St Laurent and Mr Bergé could prompt the company to forge links with other groups so it can share their resources.

"Eventually we may have to find an ally," said Mr Bergé. "But we would have to be careful, very careful in choosing the right one."

Yves St Laurent on the catwalk: 'a tortured genius'

Berlusconi unveils La Cinq plan

By Alice Rawsthorn

MR SILVIO Berlusconi, the Italian media magnate, yesterday unveiled a FFr1.5bn ($270m) rescue plan for La Cinq, the floundering French television station in which he is one of the largest shareholders.

The deadline for rescue bids for La Cinq, which earlier this year filed for bankruptcy, closed at 6pm yesterday. Mr Berlusconi presented his proposals to Mr Hubert Lafont, the station's administrator, during the afternoon.

Mr Lafont is believed to have received at least one, and possibly two, other bids. He is expected tomorrow to announce if any of the proposals have been accepted. Without a rescuer, La Cinq will close.

Mr Berlusconi said he had already identified enough investors to produce the FFr1.5bn needed for his recapitalisation plan.

It is not yet known whether the other existing investors in La Cinq – which include Crédit Lyonnais, the French bank, the Hersant press group, and Kleinwort Benson, the British bank – will participate. Hachette, the French media group which ran La Cinq until its collapse, is still studying the proposals.

Mr Berlusconi said Fininvest, the company through which he owns his La Cinq shares, would participate fully by pumping in enough money to retain its existing holding of 25 per cent – the maximum permitted under French broadcasting law – after the recapitalisation.

He refused to elaborate on his plans to solve La Cinq's financial problems – it lost an estimated FFr1.12bn in 1991 – or on his programming policy.

● Canal Plus, the French pay-TV channel, mustered an estimated 15 per cent increase in net profits, to FFr1.05bn, for 1991, on turnover which rose by just under 15 per cent to FFr7.03bn.

Rhône-Poulenc Rorer doubles profits

RHONE-POULENC Rorer, the Franco-US pharmaceuticals group, has reported more than doubled profits for 1991, its first full year since formation, writes William Dawkins in Paris.

The group – created in 1990 when Rhône-Poulenc, the French state-owned chemicals producer, took control of Rorer of the US – made $326.1m net income in 1991, against a pro-forma $145m in the previous year. Sales rose by 5.8 per cent, to $3.82bn from $3.61bn, but the group pointed out that the underlying rise, adjusting for exchange rate changes and disposals, came out at 13 per cent.

Sales growth was strongest in the US, France and Germany. Turnover benefited from the successful launches of three drugs: Vasten, a cholesterol lowering product; Zoltum for ulcers; and Nasacort, for allergic nasal complaints.

Rhône-Poulenc Rorer's profits were also helped by a $22.1m exceptional gain from the sale of non-strategic businesses, plus a fall in interest charges, to $159.2m from $189.2m in 1990, due to a fall in the volume and in the cost of debts.

Earnings rose to $2.37 per share from $1.08 in 1990.

Christiania Bank to seek further aid

By Karen Fossli in Oslo

CHRISTIANIA Bank, Norway's second biggest bank, will have to seek additional support from the state-backed bank insurance fund to meet new equity capital requirements, the bank's president said yesterday.

Mr Borger Lenth said it would be clear how much additional capital would be needed once the bank's 1991 accounts were published on March 5.

However, the state bank insurance fund, established last year with capital of NKr5bn ($789m) and later boosted by NKr6bn, is depleted after supplying cash to prop up the country's top three banks.

The bank was taken over by the government last December, and provided with a NKr5.14bn injection of state funds following massive trading losses.

According to the Norwegian Bank Association, the commercial banks will suffer combined losses of NKr15.9bn in 1991, compared with combined losses a year earlier of NKr4.3bn.

Combined credit losses are estimated by the association at NKr12.3bn, up from NKr8.2bn in 1990.

The association forecast that its members would return to profit by 1993.

Partner sought for Procordia unit

PROCORDIA, the Swedish food and pharmaceuticals company, is seeking a partner for Sutton Seeds, its UK horticultural unit, writes Robert Taylor.

This follows the merger last December of Procordia's Swedish seed and plant breeding business with a number of Swedish companies.

Sutton's profits last year were £1.25m ($2.26m), on sales of £14m.

INTERNATIONAL COMPANIES AND FINANCE

Video delivery system garners interest in Japan

By Raymond Snoddy in London and Stephan Wagstyl in Tokyo

A NUMBER of significant Japanese companies are expressing interest in a revolutionary new system of delivering feature films direct to the home.

Electronic video hire could turn out to be a powerful rival to both satellite subscription film channels and the local video store.

Mr William Kraven, an American entrepreneur and founder of EMC² – Entertainment Made Convenient – is hoping to get his business off the ground in Japan and then move to joint ventures in the UK and other European countries.

Under the EMC² proposal, a customer would be able to order a film and have it downloaded to a special receiver in five minutes. Using the capacity of six satellite channels, 200 different feature films could be delivered electronically to customers across a continent.

"We don't see ourselves as being in the movie rental business. We are in the digital distribution business," said Mr Kraven, who emphasised that the technology – digital compression – already exists to turn his venture into a reality.

Mr Kraven, who has been working on the idea for more than three years, is currently in negotiations with Bandi, the large Japanese toy company; NTT, the national telecommunications organisation; and several leading Japanese consumer electronics manufacturers.

Sanwa Bank has also expressed interest and has introduced Mr Kraven to other potential investors in Japan.

In the UK, where EMC² hopes to set up a joint venture operation, the company is represented by Mr Roy Warman and Mr Terry Bannister, both former joint chief executives of Saatchi & Saatchi Communications, the advertising agency group.

To take part in electronic video hire, customers would need a special receiver costing around £300, although Mr Kraven hopes the necessary electronics eventually will be included in video recorders. Customers would then call either a freephone number or use a keypad to order the film of their choice from a catalogue.

"Unlike the video store, we will never be out of stock of the most popular films," says Mr Kraven, who hopes to launch his service in Japan in 1994.

Moody's downgrades Sanwa Bank ratings

By Emiko Terazono in Tokyo

MOODY'S, the US credit rating agency, has downgraded long-term debt ratings of Sanwa Bank, a leading Japanese bank, to Aa3 from Aa1. The ratings of Sanwa's subsidiaries were also lowered to Aa3.

The agency attributed the downgrade to the bank's asset quality and contingent risks associated with affiliates, especially non-bank financial institutions.

The move follows other recent downgrades of Japanese banks by rating agencies. Currently, there are no banks with Aaa ratings, three banks with Aa1, two with Aa2, and six with Aa3.

Japanese banks, which expanded rapidly under easy monetary conditions of the late 1980s, now face deteriorating loans and increasing bankruptcies due to the fall in land prices and the stock market slump.

Most Japanese banks were hurt by last year's spate of financial scandals, caused by loose credit controls and reckless lending.

Energy giants caught in quagmire

Bernard Simon on the continuing turmoil in Canada's oil sector

IMPERIAL Oil, Canada's biggest oil company, is set to take the knife to itself within a few days in some of the most radical surgery ever inflicted on a Canadian company.

If the analysts are correct, Imperial, 70 per cent owned by Exxon of New York, will announce it is closing two, and possibly three, of its six refineries, eliminating a quarter of its 4,200 filling stations, and laying off more than 1,000 workers.

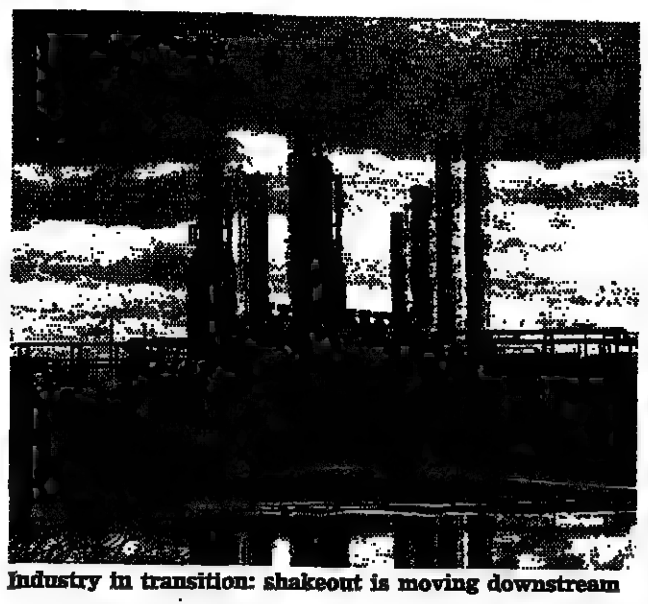
Imperial's restructuring, and similar measures now under way at its arch-rival Petro-Canada, confirm that the turmoil enveloping the exploration and production side of Canada's oil industry for the past few years has now spread to the downstream refining and marketing sectors.

The shakeout, in the form of acquisitions, asset disposals and partner buy-outs, is profoundly changing the shape of the Calgary-based oil and gas industry.

The brunt of the blow is being felt by the integrated giants of the industry, such as Imperial, Petro-Canada and Shell Canada, which is 78 per cent owned by Royal Dutch Shell. Amoco's Canadian subsidiary is also struggling to digest its acquisition five years ago of Dome Petroleum, the crippled giant of the western Canadian industry.

"The big guys are toast and investing in them is not what you do for growth," says Mr Verne Johnson, president of Lasmo Canada, a subsidiary of the UK-based oil and gas group.

Narrowing operating margins and hefty writedowns have recently put all three of the integrated companies in the red. Imperial's C$36m (US$30.8m) operating loss last year was the first in its history.



Industry in transition: shakeout is moving downstream

The pain is only partly due to the dip in oil and natural gas prices and weak demand at the pump. The protracted North American gas "bubble" and a 10 per cent drop in sales of refined petroleum products over the past two years have probably hastened what was the inevitable.

The recession has highlighted the high costs of maintaining a diverse portfolio of exploration and production properties, and a coast-to-coast retail network.

"What pays the bills are the discoveries [the integrated companies] made in the '50s and '60s," Mr Johnson says. "Their bureaucracies are not able to exploit the opportunities that remain."

The pace in the industry is being set by a band of smaller and more nimble operators. Headed by a new generation of entrepreneurs, they have snapped up the assets put on the block by the industry's giants.

Unlike the bulk of US independents, many of the aggressive newcomers are publicly listed, giving them wide exposure to institutional and retail investors. Corporate finance has become a fast-growing business in Calgary.

Among the names that are mentioned most often are Chauvco Resources, Morgan Hydrocarbons, Morrison Petroleums, Tarragon Oil & Gas and Canadian Natural Resources.

While the big energy companies are looking for ways to slim down, Chauvco, for instance, boosted oil and gas liquids output by 72 per cent in the first nine months of last year. Chauvco's cash-flow and earnings doubled.

These companies get their headstart from lower costs. According to the federal government's Petroleum Monitoring Agency, junior oil and gas producers had operating costs of C$26.93 per cubic metre in 1990, compared with C$38.74 per cu metre for the senior companies. The seniors' costs climbed by 6.6 per cent that year, compared with 2.9 per cent for the juniors.

Many of the newcomers are foreign-controlled. Despite lingering restrictions on foreign investment in the Canadian energy industry, the stake of US, European and Far East investors has risen markedly. Mr Johnson says Lasmo is still looking "quite greedily" to buy light-oil properties.

The trend throughout the industry is towards specialisation. On the upstream side, producers are increasingly concentrating on specific products, such as conventional oil, heavy oil or natural gas.

Mr Jack Pelletier, a corporate finance consultant in Calgary, notes that many companies are also moving away from the joint ventures which were popular in the 1960s and 1970s, preferring to operate a smaller number of properties themselves.

In the overcrowded refining and retail businesses, the most successful companies are those putting the emphasis on a regional rather than national strategies. They include Ultramar in eastern Canada, Suncor in Ontario and Chevron in the west.

Last week, Pay Less Holdings, a small company which has waged a fierce petrol price war on Vancouver Island, paid well above prevailing market prices for Canadian Turbo, another regional marketer in the west.

Mr Frank Sayer, president of Sayer Securities, a Calgary firm which specialises in the oil and gas industry, says that "changes in the downstream are just starting to match what's been happening in the upstream sector".

Mr Sayer predicts that it will be another year or two before the deal-making begins to subside.

Coles Myer reports flat sales halfway

By Bruce Jacques in Sydney

COLES MYER, Australia's biggest retailer, has reported flat sales for the six months to January, with particular sluggishness in its New Zealand operations.

Mr Brian Quinn, chief executive, in his traditional "curtain-raiser" for the company's interim results in mid-March, said yesterday first-half sales had risen 2.1 per cent, with a trend improvement in the latest two months.

Sales for the month of November fell 2.1 per cent, but December sales were up by the same amount and January figures were ahead 4 per cent.

"The result was adversely affected by New Zealand sales which rose by 1.5 per cent in New Zealand dollars, but fell by 4.2 per cent in Australian dollars after conversion," he said.

"The increase in Australian sales for the half was 2.5 per cent."

Mr Quinn said he expected profitability would not be changed significantly from last year.

"The recovery in sales in December and January has only been achieved at some expense to profit margins; however, this has been largely offset by reduced finance costs, good control of corporate expenses and greatly improved stock control.

"The immediate future will be dependent upon some recovery in the economy, and particularly on the effect of the economic statement proposed by the government."

RJR Nabisco returns to the black

By Nikki Tait in New York

RJR NABISCO, the US tobacco and food group which was subject to a $25bn leveraged buy-out in 1989, has posted full-year profits of $368m after tax, compared with a net loss of $462m in 1990.

But the bulk of the improvement came from the company's successful debt reduction programme, with net interest expenses for the year down to $2.11bn from $3bn. The group's "business unit contribution" – operating profits before the amortisation of trademarks and goodwill – rose more modestly, from $3.43bn to $3.54bn, and in the final quarter actually declined slightly to $904m from $925m.

During the past 12 months, the company has undertaken various refinancings aimed at replacing debt either by equity or cheaper loan capital. The steady improvement of the balance sheet since the buy-out has allowed RJR Nabisco to shed its "highly leveraged transaction" status, winning access to cheaper bank finance. Yesterday, RJR shares gained $¼ to $10¼.

Domestic tobacco operations remained under competitive pressure, with lower volumes and higher marketing costs outstripping the benefit of price increases and favourable raw material costs. Net sales for the full year rose 1 per cent, but business unit contribution fell 4 per cent.

The international tobacco side, however, fared much better, adding volume in Europe, Asia and the Middle East. Net sales there increased by 19 per cent in 1991, while business unit contribution was up by 21 per cent. Overall, tobacco's business unit contribution for the year was static at $2.73bn.

On the food front, net sales for the year increased by 11 per cent to $6.45bn, while business unit contribution totalled $920m, against $802m. However, this is partially distorted by disposals and by the contrasting consolidation of Latin American operations in 1991. The company said that, after allowing for this, net sales rose 2 per cent and business unit contribution was up 8 per cent.

The food side, said RJR, saw the benefit of lower commodity costs and productivity gains, but this was offset in part by lower volumes.

Upjohn at record despite Halcion row

By Karen Zagor in New York

UPJOHN, the US pharmaceutical company whose best-selling Halcion sleeping pill has stirred up an international debate over the drug's safety, yesterday reported record sales and earnings for 1991.

Sales of Halcion, which was banned in the UK in the autumn amid concern over the drug's side-effects, dropped 23 per cent in the quarter and 1 per cent in the year.

Before the controversy emerged, Halcion had estimated annual sales of $240m and was Upjohn's second biggest selling product.

Upjohn's fourth-quarter net income rose 18 per cent to $136.4m, or 73 cents a share, from $121m, or 64 cents, a year ago. Sales were 14 per cent higher in the 1991 quarter at $911.4m against $798.7m.

For the year, net earnings advanced 18 per cent to $537.4m, or $2.87 a share, on sales which rose 13 per cent to $3.4bn.

On Wall Street, shares in Upjohn added $1½ to $42¾ in fairly heavy trading. The stock was bolstered by positive comments from analysts about the company's lazaroid drug, to treat strokes.

Analysts at Brown Brothers said the preliminary studies showed that lazaroid appeared to be safe and that it appeared to be more effective than competing nimodipine, made by Bayer.

Restructuring costs push CanPac to new low

By Robert Gibbens in Montreal

CANADIAN Pacific, the transport, resource and industrial holding company, yesterday unveiled a record final loss of C$913.8m (US$780.9m), or C$2.87 a share, for 1991 after heavy special charges. The group turned in a profit of C$355.3m, or C$1.11, a year earlier.

The 1991 loss included about C$900m in special charges. Among them was a C$290.8m writedown on the company's investment in Laidlaw, the waste management group, and its C$101m share of Laidlaw's writedown of an investment in ADT.

The group's total revenues for 1991 were C$10bn, against C$10.4bn a year earlier.

In the fourth quarter, the final net loss was C$887.6m, or C$2.79, including the special charges. In 1990, there was a profit of C$103.2m, or 32 cents.

The company said the special charges had arisen from "decisions to rationalise operations and reassess asset values". The group was hard hit across the board by the North American recession.

The special charges also included amounts to cover plant shutdowns, workforce reductions and severance agreements in the group's rail, pulp and paper, and property operations, and also in its oil and gas subsidiary.

The only offsetting factor was C$64.4m in gains from the sale of assets. Before the special items, the year showed a loss of C$16.2m overall.

The railway was hit by lower commodity movements, except for export grain. Property, waste management, hotels, ships, trucks and manufacturing all bore the brunt of the recession, but telecommunications did slightly better.

"Rationalisation and improving productivity should enable each of our business units to take advantage of better markets as the North American economy emerges from recession," said Mr William Stinson, chairman.

CBS reported to be offering deep discounts

By Alan Friedman

CBS, the loss-making US television network, is believed to be offering deep discounts to US advertisers in an effort to fill advertising slots for the winter Olympic games, which begin next weekend in Albertville, France.

Mr George Schweitzer, senior vice-president of marketing, said he would not comment on pricing policies, nor on a report in Advertising Age, the US trade publication, that yesterday quoted buyers who estimated that CBS was offering prime time advertising slots for as much as 40 per cent below normal Olympic rates.

Some prime-time slots that originally sold for $250,000 were being offered for as low as $150,000, according to Advertising Age. Mr Schweitzer said he expected all of CBS's slots for the Olympics to be sold shortly.

Over the past year, CBS has had a string of problems related to its sports coverage. The network wrote off $282m last year because of losses on its baseball and other sports coverage. In the third quarter of 1991, CBS wrote off $322m pre-tax on its baseball and football contracts, resulting in a $169.1m loss.

Ms Jessica Reif, an analyst at Oppenheimer, yesterday termed the network's sports strategy "pathetic" and said CBS had seriously overpaid for both the baseball and Olympic US television rights.

CBS paid $243m for the winter Olympic rights.

Safeway tumbles after charges

By Nikki Tait

SAFEWAY, the California supermarket chain which was subject to a $4.2bn leveraged buy-out bid in 1986, yesterday reported a fall in profits last year to $54.9m after a series of special items cost the company $78.2m. Last year, the group made a profit of $87.1m

The most significant of these was $71m reserve, taken because of liabilities related to its former Houston division. Safeway sold this operation to AppleTree Markets, which last month filed for Chapter 11 bankruptcy protection.

The Californian company had assigned certain leases to AppleTree but may be liable if AppleTree fails to make rental payments on these.

Safeway also saw a $24.1m extraordinary loss from the early retirement of certain debt, partly offset by a $16.9m gain taken following the sale of shares by Vons Companies, another supermarket group in which Safeway has a 35 per cent stake. (Safeway neither bought nor sold shares during the offering.)

However, even at the operating profit level and with the AppleTree charge added back, Safeway made $548.3m in 1991, only modestly increased from the $535.3m seen in 1990.

Sales for the year were $15.1bn, up by 1.7 per cent on 1990, but same-store sales were virtually flat, and actually declined by 1.2 per cent in the final quarter.

Mr Peter Magowan, chairman, said the recession had "run deeper and longer than most experts forecast" and that it had been increasingly difficult to generate sales growth.

"We expect the grocery industry to achieve only modest sales growth in 1992, particularly in the first half of the year," he added.

The company, which operates 1,100 stores and counts as one of the largest food retailers in the US and Canada, spent $635m on capital expenditure during the year, opening 32 new stores and completing 77 remodels. Net earnings were helped by a fall in the interest charge, from $384.1m to $355.4m.

Shares in Safeway, which had already warned of the AppleTree reserve, fell $¾ to $17⅞ yesterday.

Capital Cities/ABC falls 34.5%

By Alan Friedman in New York

A SIGNIFICANT drop in operating earnings from the ABC Television Network contributed to a 34.5 per cent decline in fourth-quarter 1991 net profits at Capital Cities/ABC, the US television and newspapers group.

Profits were $103.2m, or $6.17 a share, on revenues 1 per cent higher at $1.56bn. Operating income in the quarter fell to $260.2m from $297.4m in the same period of 1990.

Mr Daniel Burke, chief executive, said the company's advertiser-supported businesses continue to be affected by the recession. Net revenues for ABC and other television operations declined in the quarter, while ABC's drop in operating income was described as "substantial."

The fourth-quarter net would have been $31.2m but for charges related to the redemption of subordinated debentures. The net, however, would have still been 14.7 per cent lower.

For the whole of 1991, net income fell by 28.1 per cent to $343.5m, or $20.47 a share, and group revenues were down marginally at $5.38bn. Operating income for 1991 was $751.2m, down from $923.2m in 1990.

The Capital Cities/ABC share price was $7¼ higher at $424¾, in light trading volume.

● McGraw-Hill, the US publishing and information services group that owns Business Week magazine, yesterday reported a 14.2 per cent decline in 1991 full-year net income to $148m, or $3.03 a share, on unchanged revenues of $1.9bn.

For the last quarter, net profit fell by 11.8 per cent to $45.4m, or 93 cents, on revenues 1.8 per cent up at $568.1m.

Bankers Trust abandons purchase

By Martin Dickson in New York

BANKERS Trust, the New York investment bank, has abandoned plans to buy Integrated Resources, a New York finance group which is in Chapter 11 bankruptcy, in a complex $565m deal.

Bankers Trust, confirming the move yesterday, regretted it had been unable to reach a definitive agreement with committees of the company's creditors. It reached a tentative deal with them last November, under which it would have paid around $210m for Integrated's non-cash assets. A final agreement was meant to have been reached by mid-January.

Integrated said it and creditor committees were continuing discussions with other potential funders of a reorganisation plan. It did not give details but the wealthy Pritzker family of Chicago put in a bid last November which was said to top the Bankers' Trust one by some $22m.

● Saudi American Bank (Samba), 30 per cent owned by Citibank, has announced a 43 per cent rise in earnings to $200.4m for 1991, reflecting strong profitability among most Saudi banks and a buoyant private sector in the kingdom since the end of the Gulf war, writes Mark Nicholson, Middle East Correspondent.

Net operating revenues rose by $71m, a 27 per cent increase, while operating expenses rose $17m, following exceptional costs from the Gulf war.

Total assets rose 22 per cent over the previous year to $9.7bn, while deposits rose by 24 per cent to $1.4bn.

Saudi bankers say they have seen a strong influx of Saudi-held funds since the end of the war, a trend they say indicates growing confidence within the Saudi private sector and recently diminished returns from overseas investments.

Chubb scores $552m profit

CHUBB, the US property-casualty insurer, made a $552m profit after tax last year, up from $522.1m in 1990. The results were scored after net investment gains of $43.4m, compared with $30.2m a year ago, writes Nikki Tait in New York.

Underwriting profits in the property-casualty business eased from $20.7m to $18.6m, but the previous year's results were boosted by a one-time tax benefit.

Dow Corning declines 35.3% to $29m

By Alan Friedman

DOW CORNING, the US maker of silicon breast implants at the centre of a controversy over their safety, yesterday reported a 35.3 per cent drop in fourth-quarter 1991 net profit, to $28.9m.

The Michigan-based company, which is jointly owned by Dow Chemical, the large chemicals group, and Corning, the glass products maker, said the fourth-quarter results included a previously announced $25m pre-tax charge related to the breast implant business.

Fourth-quarter revenues were $472.3m, compared with $449.2m in the last quarter of 1990.

For the whole of 1991, Dow Corning's net income declined to $152.9m from $171.1m the previous year. Revenues in 1991 were $1.85bn, compared with $1.72bn in 1990.

Mr Lawrence Reed, chief executive of the company, said Dow Corning continued to be in close contact with the US Food and Drug Administration and was continuing to provide scientific information about the implants.

Controversy over the implants has escalated in recent weeks amid concern over the product's safety.

Mr Reed yesterday claimed the implants are "efficacious and have limited risks and complications".

Dow Corning recently hired Mr Griffin Bell, the former US Attorney-General, to investigate the development and marketing of the implant.

INTERNATIONAL CAPITAL MARKETS

German bunds slide after early gains on pay deal

By **Richard Waters** in London and **Karen Zagor** in New York

NEWS yesterday of a pay deal for German steelworkers pushed German government bonds down and out of their recent trading range yesterday in heavy volume. News that a compromise had been reached, averting the threat of a strike, after the uncertainty of recent weeks, pushed up bunds at the opening, with the March contract on Liffe opening higher at 88.18.

However, details of the deal, when they emerged, quickly changed sentiment. Some aspects seemed to suggest that the deal will have little application to the current German pay round: the full 6.4 per cent pay rise does not take effect until this autumn, and applies only to 130,000 workers.

However, the market was not slow to grasp the underlying message, that the Bundesbank's upper limit for pay rises of 6 per cent could well prove to be a floor for future deals. That pushed back hopes of an interest rate cut this spring.

Bunds held up well in early trading, hardly testing the floor of 88.03 above which the Liffe futures contract has been trading recently. At one stage, the futures had risen to 88.32. However, in early afternoon trade the market moved swiftly down to breach its technical support level. It eventually fell to 87.87.

■ FEARS of supply in the coming weeks haunted the UK government bond market yesterday, though gilts remained generally firm. After recent issuance, traders were left guessing whether the Bank of England would choose to fund next year's needs in advance, and if so, at what maturity.

Guesses were split between issuance at the short end on the one hand, and a smattering of issues across short, medium and long maturities on the other. Only the ten-year level, where there has been a recent issue, is clear of the threat of immediate supply. In light trading, the benchmark gilt maturing in 2003/07 moved up ⅛ at 115¹¹⁄₁₆, for a yield of 9.395 per cent.

■ IN THIN trading, Japanese government bonds closed marginally down on the day. With the next interest rate cut already fully discounted by the market, traders said little new economic news was likely to set a new direction for the market until the next Tankan survey of industrial expectations, due a month from now.

Meanwhile, the Ministry of Finance announced measures aimed at supporting the flagging Japanese stock markets, leading to some switching into equities. The benchmark no 129, which opened at a yield of 5.33 per cent, closed at its low of the day of 5.37 per cent.

■ US GILTS were weighed down by concern about Wednesday's Treasury refunding announcement and failed to post gains yesterday morning in spite of signs of continued weakness in the manufacturing sector.

At mid-session, the Treasury's benchmark 30-year bond was ¹¹⁄₃₂ lower at 102¼ yielding 7.8 per cent, while shorter-dated maturities were unchanged to ⅛ lower.

The Federal Reserve entered the open market to arrange three-day matched sales when Fed funds were trading at 3¹⁵⁄₁₆ per cent. Although the move, which drains liquidity from the banking system, was unexpected, it was seen as a technical measure to address an average daily drain need of about $4bn.

Treasuries firmed briefly yesterday morning on news that US construction spending had fallen 0.2 per cent in December when most economists expected an increase of 0.5 per cent. In addition, the purchasing managers report for January provided further evidence of an eroding economy.

In the high-yield junk bond market, Macy was one of the few active issues yesterday morning. The company's 14.5 per cent subordinated debentures rose about ¼ point on rumours that Mr Laurence Tisch, CBS chairman, might make a second takeover bid for the retailer.

Macy filed for Chapter 11 bankruptcy protection last week after a bid by Mr Tisch failed.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	98.2431	-0.955	10.27	10.07	9.54
BELGIUM		9.000	06/01	102.1000	-0.250	8.66	8.66	8.70
CANADA *		8.500	04/02	100.8000	-0.150	8.38	8.50	8.03
DENMARK		9.000	11/00	102.7700	-0.200	8.53	8.53	8.88
FRANCE	BTAN	8.500	03/97	99.3648	-0.119	8.64	8.63	8.95
	OAT	8.500	11/02	100.3100	[illegible]	8.44	8.40	8.50
GERMANY		8.000	01/02	100.6200	-0.150	7.91	7.88	7.96
ITALY		12.000	02/02	98.4800	-0.180	12.27	12.27	[illegible]
JAPAN	No 119	4.800	06/99	95.4235	-0.048	5.88	5.83	5.61
	No 129	6.400	03/00	106.8780	-0.331	5.40	5.23	5.34
NETHERLANDS		8.250	02/02	99.2900	-0.040	8.36	8.36	8.40
SPAIN		11.300	01/02	102.5700	-0.220	10.86	10.81	11.30
UK GILTS		10.000	11/96	[illegible]	-1/32	9.59	9.57	9.83
		9.750	08/02	102-10	+2/32	9.40	9.46	9.56
		9.000	10/08	96-15	+2/32	9.18	9.24	9.36
US TREASURY *		7.500	11/01	100-29	-14/32	7.37	7.24	6.82
		8.000	[illegible]	102-06	-16/32	[illegible]	7.72	7.49

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Surge in net income at BZ Bank

BZ BANK, the vehicle for Mr Martin Ebner's aggressive activity in the Swiss stock markets, reported a 153 per cent rise in its net income last year to SFr25.1m ($17.8m), writes Ian Rodger in Zurich.

The seven-year-old bank made gross income of SFr114.9m, up 12.9 per cent, of which SFr73.3m came from commissions, which advanced 20 per cent. The bank said brokerage fees contributed about two thirds of the commissions with underwriting commissions providing the rest.

Total assets surged 39 per cent to SFr506.3m due to higher current loans and a higher inventory of securities.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on February 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¾	107¼	+⅛	6.10
ALBERTA PROVINCE 9 3/8 95	600	108¼	109	+⅛	6.63
AUSTRIA 8 1/2 00	400	105⅛	105⅝	+⅛	7.56
BANK OF TOKYO 8 3/8 96	100	104⅛	104⅝	+⅛	7.11
BELGIUM 9 5/8 98	250	110¼	111	+⅛	7.47
BFCE 7 3/4 97	150	103¼	103¾	+⅛	6.99
BNP 8 5/8 94	300	106¼	106⅝	+⅛	5.84
BRITISH GAS 8 3/8 99	350	104⅛	105¼	+⅛	7.56
CANADA 9 96	1000	108⅛	108⅝	+⅛	6.38
CARCO 9 1/4 96	650	101⅛	102⅛	-1⅛	8.74
CCCE 9 1/4 95	300	108⅛	108⅝	+⅛	6.22
COUNCIL EUROPE 8 96	100	104⅛	104⅝	+⅛	6.82
CREDIT FONCIER 9 1/2 99	300	110	110⅛	-⅛	7.61
DENMARK 8 1/4 94	150	105⅛	105⅝	+⅛	5.94
DENMARK 9 1/4 95	1571	108⅛	108⅝	+⅛	6.26
ECSC 8 1/4 96	193	105⅜	105⅞		6.89
EEC 8 1/4 96	100	105⅛	105⅝	+⅛	6.77
EIB 7 3/4 96	250	103⅛	104⅛	+⅛	6.73
EIB 9 1/4 97	1000	109⅝	110	+⅛	7.15
ELEC DE FRANCE 9 98	200	107⅛	108⅛	+⅛	7.37
EURO CRED CARD TST 9 94	325	102	102⅛	-1⅛	8.12
EUROFIMA 9 1/4 96	100	108⅛	109⅛	+⅛	6.73
EXPORT DEV CORP 9 1/2 98	150	110⅛	110⅝	+⅛	7.40
FINLAND 7 7/8 97	200	102⅝	103⅛	-⅛	7.29
FINNISH EXPORT 9 3/8 95	200	108⅛	108⅝		6.74
FORD CAPITAL 9 3/4 97	250	105⅛	106		8.41
GEN ELEC CAPITAL 9 3/8 96	300	108	108½	+⅛	7.15
GMAC 9 1/8 96	200	104⅛	104⅝	+⅛	7.90
GUINNESS FINANCE 8 94	200	103⅛	104⅛	+⅛	6.21
IBM INTL FIN 7 3/4 94	200	103⅛	104	-⅛	5.99
IND BK JAPAN FIN 7 7/8 97	200	102⅛	102⅝	+⅛	7.33
INTER AMER DEV 7 5/8 96	200	103⅛	103⅝	+⅛	6.76
ITALY 8 1/2 94	1500	106⅛	106½		5.94
JAPAN DEV BK 8 94	150	104⅛	104⅝		5.83
KANSAI ELEC PWR 10 96	350	107⅝	107⅞	-2⅞	7.84
LTCB FIN 8 97	200	102	102½	+⅛	7.50
NEW ZEALAND 9 94	850	106½	106⅞	+⅛	6.17
NIPPON CRED BK 10 3/8 95	150	110⅛	111	+⅛	6.99
NIPPON TEL & TEL 9 3/8 95	200	108⅛	108½	+⅛	6.38
ONTARIO 8 1/2 01	600	103	103⅝	+⅛	8.02
ONTARIO HYDRO 11 5/8 94	200	110⅛	110⅝	-⅛	6.13
OSTER KONTROLLBANK 8 1/2 01	200	104⅝	105		7.77
PETRO-CANADA 7 1/4 96	200	101	101⅛	-⅛	6.96
QUEBEC HYDRO 9 3/4 98	150	109⅝	110⅛	+⅛	7.80
QUEBEC PROV 9 98	200	106⅛	106⅝	+⅛	7.71
SAINSBURY 9 1/8 96	150	107	107½	+⅛	7.28
SAS 10 99	200	106⅞	108⅛	+1	8.65
SBAB 9 1/2 95	500	108½	109	+⅛	6.55
SNCF 9 1/2 98	150	110⅛	110½	+⅛	7.45
STATE BK NSW 8 1/2 96	200	104⅛	105⅛	+⅛	7.25
SWEDISH EXPORT 8 3/8 96	700	105⅝	106	+⅛	9.18
TOKYO ELEC POWER 8 3/4 96	300	106⅛	106⅝	+⅛	7.05
TOKYO METROPOLIS 8 1/4 96	200	105⅛	105⅝	+⅛	6.91
WORLD BANK 8 3/8 99	1500	106⅛	106⅝	+⅛	7.45
WORLD BANK 8 3/4 97	1500	108⅛	108½	-⅛	6.91
XEROX CORPN 8 3/8 96	100	102⅝	104	+⅛	7.66

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AMRO BANK 5 3/4 94	200	93¼	94	-⅛	9.04
BAPROVEN 11 1/8 95	200	100¼	100¾	-⅛	10.91
BULGARIAN TRADE BK 8 1/2 96	200	83	83	+⅛	13.81
CZECH OBCHODNI BANKA 10 95	350	97¼	97¾	+⅛	10.94
DAI-ICHI KANGYO 5 1/2 94	300	94	94	+⅛	8.94
DEUTSCHE FINANCE 7 1/2 95	1000	99½	99¾		7.69
EIB 5 3/4 98	400	90¼	90¾	-⅛	7.69
EIB 6 7/8 95	300	96¾	96⅞		7.85
EUROFIMA 6 1/4 98	400	91¼	91¾	+⅛	7.89
FIRST INTERSTATE 5 3/4 96	100	86½	86¾	+⅛	9.72
IND BK JAPAN FIN 5 5/8 96	200	91¼	91¾	-⅛	8.18
IND DEV BK INDIA 6 3/8 94	200	90½	90½		10.34
LUFTHANSA INT FIN 5 7/8 98	500	89¼	89¾	+⅛	8.02
NACIONAL FINANCIERA 11 95	150	101½	101½	+⅛	10.41
QUEBEC HYDRO 6 3/4 99	300	92½	92½		8.17
SWEDEN 6 1/8 98	300	93	93	+⅛	7.59
WORLD BANK 0 15	2000	20¼	20¾		6.81
WORLD BANK 5 3/4 96	300	92⅝	92⅞		7.91
WORLD BANK 7 1/8 95	500	98⅝	98¾		7.66

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	93			6.66
AUSTRIA 4 5/8 98	100	90¾	91¼		6.53
CHUBU ELEC POWER 6 3/4 01	300	100	100¼		6.74
COUNCIL EUROPE 4 3/4 98	250	90	90¼		[illegible]
EEC 5 1/2 00	100	91	92		[illegible]
EIB 6 1/2 98	600	100½	100⅝		6.39
ELEC DE FRANCE 7 1/4 06	100	103½	104		6.85
FINLAND 5 3/8 95	150	95	95¼		6.93
GENERAL MOTORS 7 1/2 95	100	99½	101	-½	7.67
JAPAN DEV BK 5 1/2 94	100	97½	98¼		6.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.82
COPENHAGEN TEL 8 5/8 96 LFr	600	97¼	98¼	-⅛	9.33
WORLD BANK 8 96 LFr	1000	96⅛	97⅛		9.02
ALBERTA PROVINCE 10 5/8 96 C$	500	105¼	106⅛	-⅛	8.86
BELL CANADA 10 5/8 99 C$	150	106⅛	107	+⅛	9.38
BRITISH COLUMBIA 10 96 C$	500	103⅛	104	-⅛	8.89
EIB 10 1/8 98 C$	130	105⅛	106⅛		8.94
ELEC DE FRANCE 9 3/4 99 C$	275	103⅝	104⅛		9.01
FORD CREDIT CANADA 10 94 C$	100	101⅛	102⅛		9.31
GEN ELEC CAPITAL 10 96 C$	300	103⅛	103⅝	-⅛	9.04
KFW INT FIN 10 01 C$	400	104⅛	105⅛		9.20
NIPPON TEL & TEL 10 1/4 94 C$	200	105⅛	106⅛	-⅛	9.16
ONTARIO HYDRO 10 7/8 99 C$	500	107⅛	107⅝	-⅛	9.40
OSTER KONTROLLBANK 10 3/4 99 C$	150	106⅛	106⅝		9.07
QUEBEC PROV 10 1/2 98 C$	200	105⅛	105⅝	-⅛	9.43
BELGIUM 9 1/8 96 Ecu	1250	101⅛	101⅝	-⅛	8.59
CREDIT LYONNAIS 9 96 Ecu	125	99⅝	100⅛	+1	9.12
DENMARK 7 5/8 96 Ecu	250	95	96	+1⅛	9.09
EEC 7 5/8 94 Ecu	200	97⅛	98⅛		8.86
EIB 10 97 Ecu	1125	106⅛	106⅝	-⅛	8.36
FERRO DEL STAT 10 1/8 98 Ecu	500	106⅛	106⅝	-⅛	8.70
ITALY 10 3/4 00 Ecu	1000	112⅛	112⅝	-⅛	8.60
UNITED KINGDOM 9 1/8 01 Ecu	2750	104⅛	104⅝		8.35
BP AMERICA 12 1/4 96 A$	100	106	106⅛	-⅛	10.36
COMM BK AUSTRALIA 13 3/4 99 A$	100	114⅛	114⅝	-⅛	10.85
EKSPORTFINANS 12 3/8 95 A$	75	110⅛	110⅝	-⅛	8.70
EUROFIMA 14 5/8 94 A$	75	110⅛	111	-⅛	9.22
MCDONALDS CANADA 15 95 A$	100	112⅛	113⅛	-⅛	10.35
NAT AUSTRALIA BANK 14 3/4 94 A$	150	109½	110⅛	-⅛	9.39
STATE BK NSW 14 1/4 99 A$	100	116⅛	116⅝	-⅛	10.99
UNILEVER AUSTRALIA 12 98 A$	150	106⅞	107⅛	-⅛	10.42
VOLKSWAGEN INTL 15 94 A$	100	109⅝	110⅛	-⅛	9.89
ABBEY NATL TREAS 13 3/8 95 £	100	107⅛	108⅛	+⅛	10.29
ALLIANCE & LEICS 11 3/8 97 £	100	102⅛	102⅝		10.73
BRITISH GAS 12 3/4 95 £	300	106½	107		10.14
DEUTSCHE BK FIN 11 94 £	225	101⅛	102⅛		9.89
EIB 10 97 £	536.5	100⅝	101⅛		9.80
FINLAND 10 1/8 97 £	100	100⅝	101⅛		[illegible]
ITALY 10 1/2 14 £	400	101⅛	102	-⅛	10.29
LAND SECS 9 1/2 07 £	200	87	87⅛	-1⅛	11.31
NORWAY 10 1/2 94 £	200	101⅛	101⅝	+⅛	9.85
ONTARIO 11 1/8 01 £	100	104⅛	104⅝	-⅛	10.37
SEVERN TRENT 11 1/2 99 £	150	103⅝	104		10.74
SKANDINAVISKA ENSK 13 1/8 95 £	100	106⅛	106⅝	-⅛	10.81
TOKYO ELEC POWER 11 01 £	150	105	105⅛	-⅛	10.13
WORLD BANK 11 1/4 95 £	100	103⅛	103⅝		10.00
ABBEY NATIONAL 0 96 NZ$	100	65⅛	66⅛	-⅛	9.57
BNP 12 96 NZ$	50	108½	109½	-⅛	9.43
CEPME 10 95 FFr	2000	103	103⅛		8.90
ELF-AQUITAINE 9 99 FFr	600	101⅛	101⅝	-⅛	8.73
EURATOM 7 5/8 98 FFr	500	94	95	+⅛	8.88

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALLIANCE & LEICS 0.08 94 £	300	99.48	99.58	10.7675
BANCO ROMA 0.05 01	200	92.00	94.00	4.4050
BELGIUM 1/16 97 DM	500	99.97	100.07	9.5000
BFCE -0 02 96	350	100.27	100.37	4.9175
BRITANNIA 1/10 96 £	150	99.08	99.28	10.7875
CCCE 06 ECU	200	99.92	100.02	10.1563
CITIZENS FED 0.15 96	100	99.70	99.95	5.9625
CREDIT FONCIER -1/16 98	200	99.78	99.88	5.3438
DENMARK -1/8 96	1000	99.74	99.84	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.95	100.05	9.5938
ELEC DE FRANCE 1/8 99	400	102.25	103.25	6.0625
FERRO DEL STAT 94	200	101.10	101.35	5.9375
HALIFAX 1/10 94 £	200	99.95	100.05	10.5375
IRELAND 98	300	99.64	99.74	4.4600
ITALY 00	300	[illegible]	101.30	4.5000
LEEDS PERMANENT 1/8 96 £	200	99.33	99.53	11.0000
LLOYDS BANK 1/10 PERP S.3	600	79.00	81.00	6.0375
MITSUI FIN ASIA 1/8 96	100	100.10	100.20	5.9375
NAT WEST FIN 3/16 05	400	93.00	94.00	5.5000
NEW ZEALAND 1/8 96	250	100.35	100.45	4.8130
RENFE 98	500	[illegible]	100.21	5.0000
SOCIETE GENERALE 96	300	99.80	99.90	5.6250
STATE BK VICTORIA 0.05 99	125	98.55	98.80	4.3625
UNITED KINGDOM -1/8 96	4000	100.05	100.08	4.2500
YORKSHIRE BS 1/10 94 £	[illegible]	99.55	99.65	10.5063

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	127¼	129	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, February 3, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	55.1388	34.612	43.9159
Albania	(Lek)	10.14	5.6333	[illegible]	4.4867
Algeria	(Dinar)	37.6152	20.8973	13.1177	16.6438
Andorra	(Fr Fr)	9.7650	5.425	3.4054	4.3207
	(Sp Peseta)	180.60	100.333	62.9816	79.9115
Angola	(Kwanza)	328.34	182.411	[illegible]	145.283
Antigua	(E Carr $)	4.8362	2.6867	1.6865	2.1399
Argentina	(Austral)	1.7755	0.9863	0.6191	0.7856
Aruba	(Florin)	3.2062	1.7812	1.1181	1.4186
Australia	(Aus $)	[illegible]	1.3233	0.8306	[illegible]
Austria	(Schilling)	20.235	11.2416	7.0566	8.9535
Azores	(Port Escudo)	247.75	137.639	86.3993	109.624
Bahamas	(Bahama $)	1.8000	1	0.6277	0.7964
Bahrain	(Dinar)	0.6760	0.3755	0.2357	0.2991
Balearic Is	(Sp Peseta)	180.60	100.333	62.9816	79.9115
Bangladesh	(Taka)	67.00	37.2222	23.3653	29.646
Barbados	(Barb $)	[illegible]	2.0014	1.2563	1.594
Belgium	(Belg Fr)	58.975	32.7638	20.5666	26.0951
Belize	(B $)	3.5824	1.9902	1.2493	[illegible]
Benin	(CFA Fr)	488.25	271.25	170.27	216.04
Bermuda	(Bermudian $)	1.8000	1	0.6277	0.7964
Bhutan	(Ngultrum)	[illegible]	25.6111	16.0767	20.3982
Bolivia	(Boliviano)	6.7349	3.7416	2.3487	2.98
Botswana	(Pula)	3.7812	2.1006	1.3186	1.673
Brazil	(Cruzeiro)	2365.75	1314.31	825.022	1046.79
Brunei	(Brunei $)	2.9170	1.6205	1.0172	1.2907
Bulgaria	(Lev)	32.24	17.9111	11.2432	14.2654
Burkina Faso	(CFA Fr)	488.25	271.25	170.27	216.04
Burma	(Kyat)	10.7573	5.9762	3.7514	4.7598
Burundi	(Burundi Fr)	349.50	194.167	[illegible]	154.646
Cambodia	(Riel)	1343.4	746.333	468.492	594.425
Cameroon	(CFA Fr)	488.25	271.25	170.27	216.04
Canada	(Canadian $)	2.1065	1.1702	0.7346	0.932
Canary Is	(Sp Peseta)	180.60	100.333	62.9816	79.9115
Cp. Verde	(CV Escudo)	125.375	69.6527	43.7227	55.4756
Cayman Is	(CI $)	1.4867	0.8259	0.5184	0.6578
Cent. Afr. Rep	(CFA Fr)	488.25	271.25	170.27	216.04
Chad	(CFA Fr)	488.25	271.25	170.27	216.04
Chile	(Chilean Peso)	634.19	352.328	[illegible]	280.615
China	(Renminbi Yuan)	9.7891	5.4383	3.4138	4.3314
Colombia	(Col Peso)	1116.28	620.156	389.287	493.929
Comoros	(CFA Fr)	488.25	271.25	170.27	216.04
Congo (Brazz)	(CFA Fr)	488.25	271.25	170.27	216.04
Costa Rica	(Colon)	251.66	139.811	87.7628	111.354
Côte d'Ivoire	(CFA Fr)	488.25	271.25	170.27	216.04
Cuba	(Cuban Peso)	1.3567	0.7537	0.4731	0.6003
Cyprus	(Cyprus £)	0.8050	0.4472	0.2807	0.3561
Czechoslovakia	(Koruna)	51.32c	28.5111	17.8971	22.7079
		49.49t	27.4944	17.2589	21.8982
Denmark	(Danish Kroner)	11.1475	6.193	3.8875	4.9325
Djibouti Rep	(Djib Fr)	308.00	171.111	107.411	136.283
Dominica	(E Carrib $)	4.8362	2.6867	1.6865	2.1399
Dominican Rep	(D Peso)	22.4796	12.4886	7.8394	9.9467
Ecuador	(Sucre)	2305.68o	1280.93	804.073	1020.21
		2394.56a	1330.31	835.069	1059.54
Egypt	(Egyptian £)	5.9000	3.2777	2.0575	2.6106
El Salvador	(Colon)	14.3549	7.9749	5.006	6.3517
Equat'l Guinea	(CFA Fr)	488.25	271.25	170.27	216.04
Ethiopia	(Ethiopian Birr)	3.6801	2.0445	1.2833	1.6283
Falkland Is	(Falk £)	1.00	0.5555	0.3487	0.4424
Faroe Is	(Danish Kroner)	11.1475	6.193	3.8875	4.9325
Fiji Is	(Fiji $)	2.6660	1.4811	0.9297	1.1796
Finland	(Markka)	[illegible]	4.353	2.7325	3.467
France	(Fr)	9.7650	5.425	3.4054	4.3207
Fr. Cty/Africa	(CFA Fr)	488.25	271.25	170.27	216.04
Fr. Guiana	(Local Fr)	9.7650	5.425	3.4054	4.3207
Fr. Pacific Is	(CFP Fr)	174.00	96.6666	60.68	76.9911
Gabon	(CFA Fr)	488.25	271.25	170.27	216.04
Gambia	(Dalasi)	15.9596	8.8664	5.5656	7.0617
Germany	(D-Mark)	2.8675	1.593	1	1.2688

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	698.373	387.985	243.548	309.015
Gibraltar	(Gib £)	1.00	0.5555	0.3487	0.4424
Greece	(Drachma)	331.925	184.403	115.754	146.869
Greenland	(Danish Krone)	11.1475	6.193	3.8875	4.9325
Grenada	(E Carr $)	4.8362	2.6867	1.6865	2.1399
Guadaloupe	(Local Fr)	9.7650	5.425	3.4054	4.3207
Guam	(US $)	1.8000	1	0.6277	0.7964
Guatemala	(Quetzal)	9.0873	5.0485	3.169	4.0209
Guinea	(Fr)	1454.97	808.317	507.4	643.792
Guinea-Bissau	(Peso)	8956.00	4975.56	3123.28	3962.83
Guyana	(Guyanese $)	217.20	120.667	75.7454	96.1061
Haiti	(Gourde)	8.956	5	3.1232	3.9628
Honduras	(Lempira)	9.7571	5.4206	3.4026	4.3173
Hong Kong	(HK $)	13.8825	7.7125	4.8413	6.1426
Hungary	(Forint)	139.30	77.3888	48.5789	61.6371
Iceland	(Icelandic Krona)	104.0937	57.8298	36.3012	46.0591
India	(Indian Rupee)	46.10	25.6111	16.0767	20.3982
Indonesia	(Rupiah)	3595.95	1997.75	1254.04	1591.13
Iran	(Rial)	2534.0v	1407.78	883.697	1121.24
		116.456	64.6944	40.6102	[illegible]
Iraq	(Iraqi Dinar)	0.5936	0.3297	0.207	0.2626
Irish Rep	(Punt)	1.0785	0.5991	0.3761	0.4772
Israel	(Shekel)	4.1380	2.2988	1.443	1.8309
Italy	(Lira)	2153.00	1196.11	750.828	952.655
Jamaica	(Jamaican $)	34.68	19.2666	12.0941	15.3451
Japan	(Yen)	226.00	125.556	78.8142	100
Jordan	(Jordanian Dinar)	1.2071	0.6706	0.4209	0.5341
Kenya	(Kenya Shilling)	51.5328	28.6293	17.9713	22.8021
Kiribati	(Australian $)	2.3820	1.3233	0.8306	1.0539
Korea North	(Won)	1.7375	0.9652	0.6059	0.7688
Korea South	(Won)	1361.075	756.153	474.656	602.246
Kuwait	(Kuwaiti Dinar)	0.52278	0.2903	0.1822	0.2312
Laos	(New Kip)	1262.80	701.556	440.384	558.761
Lebanon	(Lebanese £)	1571.1	872.833	547.899	695.177
Lesotho	(Maloti)	5.0070	2.7816	1.7461	2.2154
Liberia	(Liberian $)	1.8000	1	0.6277	0.7964
Libya	(Libyan Dinar)	0.4951	0.275	0.1726	0.219
Liechtenstein	(Swiss Fr)	2.5550	1.4194	0.891	1.1305
Luxembourg	(Lux Fr)	58.975	32.7638	20.5666	26.0951
Macao	(Pataca)	14.36	7.9777	5.0078	6.3539
Madagascar	(MG Fr)	2898.50	1610.28	1010.81	1282.52
Madeira	(Port Escudo)	247.75	137.639	86.3993	109.624
Malawi	(Kwacha)	4.8542	2.6967	[illegible]	2.1478
Malaysia	(Ringgit)	[illegible]	2.6048	1.6351	2.0746
Maldive Is	(Rufiya)	18.96	10.5333	6.612	8.3893
Mali Rep	(CFA Fr)	488.25	271.25	170.27	216.04
Malta	(Maltese £)	0.5705	0.3169	0.1989	0.2524
Martinique	(Local Fr)	9.7650	5.425	3.4054	4.3207
Mauritania	(Ouguiya)	145.89	81.05	50.877	64.553
Mauritius	(Maur Rupee)	27.25	15.1388	9.503	12.0575
Mexico	(Mexican Peso)	5417.85a	3009.92	1889.4	2397.28
Miquelon	(Local Fr)	9.7650	5.425	3.4054	4.3207
Monaco	(French Fr)	9.7650	5.425	3.4054	4.3207
Mongolia	(Tugrik)	75.23	41.7944	26.2353	33.2876
Montserrat	(E Carr $)	4.8362	2.6867	1.6865	2.1399
Morocco	(Dirham)	15.30	8.5	5.3356	6.7699
Mozambique	(Metical)	3401.02	1889.46	1186.06	1504.88
Namibia	(S A Rand)	5.0070	2.7816	1.7461	2.2154
Nauru Is	(Australian $)	2.3820	1.3233	0.8306	1.0539
Nepal	(Nepalese Rupee)	76.48	42.4888	26.6713	33.8407
Netherlands	(Guilder)	3.2275	1.793	1.1255	1.428
N'nd Antilles	(A/Guilder)	3.2062	1.7812	1.1181	1.4186
New Zealand	(NZ $)	3.3208	1.8448	1.158	1.4693
Nicaragua	(Gold Cordoba)	8.956	4.9755	3.1232	3.9628
Niger Rep	(CFA Fr)	488.25	271.25	170.27	216.04
Nigeria	(Naira)	16.89	9.3833	5.8901	7.4734
Norway	(Nor. Krone)	11.2600	6.2555	3.9267	4.9823
Oman	(Rial Omani)	0.6903	0.3835	0.2407	0.3054

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	43.00	23.8888	14.9956	19.0265
Panama	(Balboa)	1.8000	1	0.6277	0.7964
Papua New Guinea	(Kina)	[illegible]	0.9525	0.5979	0.7586
Paraguay	(Guarani)	2539.56	1410.87	885.636	1123.7
Peru	(New Sol)	1.7500	0.9722	0.6102	0.7743
Philippines	(Peso)	46.00	25.5555	16.0418	20.3539
Pitcairn Is	(£ Sterling)	1.00	0.5555	0.3487	0.4424
	(NZ $)	3.3208	1.8448	1.158	1.4693
Poland	(Zloty)	20557.00	11420.6	7168.96	9096.02
Portugal	(Escudo)	247.75	137.639	86.3993	109.624
Puerto Rico	(US $)	1.8000	1	0.6277	0.7964
Qatar	(Riyal)	6.5265	3.6258	2.276	2.8878
Reunion Is. de la	(F/Fr)	9.7650	5.425	3.4054	4.3207
Romania	(Leu)	350.94q	194.967	122.385	155.283
Rwanda	(Fr)	216.770	120.428	75.5954	95.9159
St Christopher	(E Carr $)	4.8362	2.6867	1.6865	2.1399
St Helena	(£)	1.00	0.5555	0.3487	0.4424
St Lucia	(E Carr $)	4.8362	2.6867	1.6865	2.1399
St Pierre	(French Fr)	9.7650	5.425	3.4054	4.3207
St Vincent	(E Carr $)	4.8362	2.6867	1.6865	2.1399
San Marino	(Italian Lira)	2153.0	1196.11	750.828	952.655
Sao Tome	(Dobra)	429.89	238.828	149.918	190.217
Saudi Arabia	(Riyal)	6.7241	3.7356	2.3449	2.9752
Senegal	(CFA Fr)	488.25	271.25	170.27	216.04
Seychelles	(Rupee)	9.1000	5.0555	3.1734	4.0265
Sierra Leone	(Leone)	750.70	417.056	261.796	332.168
Singapore	($)	2.9170	1.6205	1.0172	1.2907
Solomon Is	($)	5.0465	2.8036	1.7598	2.2329
Somali Rep	(Shilling)	4692.94	2607.19	1636.6	2076.52
South Africa	(Rand)	5.0070c	2.7816	1.7461	2.2154
		6.0243g	3.3468	2.1008	[illegible]
Spain	(Peseta)	180.60	100.333	62.9816	79.9115
Spanish Ports in N Africa	(Sp Peseta)	180.60	100.333	62.9816	79.9115
Sri Lanka	(Rupee)	76.00	42.2222	26.5039	33.6283
Sudan Rep	(£)	26.868	14.9266	9.3698	11.8884
Surinam	(Guilder)	3.1973	1.7762	1.115	1.4147
Swaziland	(Lilangeni)	5.0070	2.7816	1.7461	2.2154
Sweden	(Krona)	10.4425	5.8013	3.6416	4.6205
Switzerland	(Fr)	2.5550	1.4194	0.891	1.1305
Syria	(£)	36.2718	20.151	12.6492	16.0494
Taiwan	($)	44.80	24.8888	15.6233	19.823
Tanzania	(Shilling)	416.45	231.361	145.231	184.27
Thailand	(Baht)	45.00	25	[illegible]	19.9115
Togo Rep	(CFA Fr)	488.25	271.25	170.27	216.04
Tonga Is	(Pa Anga)	2.3820	1.3233	0.8306	1.0539
Trinidad/Tobago	($)	7.6126	4.2292	2.6547	3.3684
Tunisia	(Dinar)	1.6287	0.9048	0.5679	0.7206
Turkey	(Lira)	9880.30	5489.06	3445.61	4371.81
Turks & Caicos	(US $)	1.8000	1	0.6277	0.7964
Tuvalu	(Australian $)	2.3820	1.3233	0.8306	1.0539
Uganda	(New Shilling)	1755.47	975.261	612.195	776.757
UAE	(Dirham)	6.5850	3.6583	2.2964	2.9137
United Kingdom	(£)	1.00	0.5555	0.3487	0.4424
United States	(US $)	1.8000	1	0.6277	0.7964
Uruguay	(Peso)	4592.00	2551.11	1601.39	2031.86
USSR	(Rouble)	1.0174o	[illegible]	0.3548	0.4501
		196.79m	109.328	68.6277	87.0752
Vanuatu	(Vatu)	198.00	110	69.0496	87.6106
Vatican	(Lira)	2153.0	1196.11	750.828	952.655
Venezuela	(Bolivar)	108.5057	60.2809	37.8398	48.0113
Vietnam	(Dong)	21136.16	11742.3	7370.94	[illegible]
Virgin Is-British	(US $)	1.8000	1	0.6277	0.7964
Virgin Is-US	(US $)	1.8000	1	0.6277	0.7964
Western Samoa	(Tala)	4.3266	2.4036	1.5088	1.9144
Yemen (Rep of)	(Rial)	23.20	12.8888	8.0906	10.2654
Yemen (Rep of)	(Dinar)	0.8329	0.4627	0.2904	0.3685
Yugoslavia	(Dinar)	186.2597	103.478	64.9554	82.4157
Zaire Rep	(Zaire)	148125.00	82291.7	51656.5	65542
Zambia	(Kwacha)	165.51	91.95	57.7192	73.2345
Zimbabwe	($)	9.0899	5.0477	3.1685	4.0203

Special Drawing Rights January 31, 1992 United Kingdom £0.785169 United States $1.39733 Germany D Mark 2.25487 Japan Yen175.714
European Currency Unit Rates February 3,1992 United Kingdom £0.710298 United States $1.27280 Germany D Mark 2.04380 Japan Yen160.005

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, February 3, 1992.

YPF
Sociedad Anónima

Ministry of Economy and Public Works and Services, Republic of Argentina

Calls for the qualification and selection of national and international oil and gas companies to enter into association with YPF Sociedad Anónima for the exploration, development and exploitation of hydrocarbons in Santa Cruz II Area, Austral Basin of the Republic of Argentina, pursuant to the Terms and Conditions established by International Public Tender Nº 14-279/91.

Area	*Approximate Surface Area (in square miles)*
Santa Cruz II (Province of Santa Cruz)	*5,470*

Terms and Conditions

The Terms and Conditions may be purchased at a price of US$200. Checks should be made payable to YPF Sociedad Anónima. Only companies or consortia which meet certain qualification criteria will be permitted to bid for the right to enter into an association with YPF Sociedad Anónima.

Interested parties may acquire the Terms and Conditions starting January 29th, 1992, in YPF Sociedad Anónima's headquarters, located at Avenida Roque Sáenz Peña 777, 8th floor, office number 832, Buenos Aires, Argentina, at any time between 9 am and 12:30 pm; or in YPF Sociedad Anónima's Technical and Commercial Office, at 5 Greenway Plaza, Suite 250, Houston, Texas 77046, Tel: (713) 621-4850; Fax: (713) 621-4808 at any time between 10 am and 12 pm; or they may request further information from YPF Sociedad Anónima's Financial Advisers, namely MORGAN STANLEY & CO. INCORPORATED, at 1251 Avenue of the Americas, New York, NY 10020, Tel: (212) 703-7236 or Fax: (212) 703-7883, and ROBERTS CAPITAL MARKETS S.A. at 25 de Mayo 258, 7º piso, 1002 Buenos Aires, Argentina, Tel: 331-5874 or Fax: 331-5826.

Qualification Period

Interested companies or consortia not previously qualified are required to deliver a Qualification Form and related documents to YPF Sociedad Anónima, Avenida Roque Sáenz Peña 777, 8th floor, office number 832, Buenos Aires, Argentina on Mondays through Fridays 2:00 pm through 4:00 pm starting January 29, 1992. Companies or consortia that meet the qualification standards will be notified in writing.

Bid Date

Bids for the Area will be opened on March 3, 1992 in YPF Sociedad Anónima's headquarters at Avenida Roque Sáenz Peña 777, Buenos Aires, Argentina. In the event of not having acceptable offers, bids will be received until April 18 in accordance with the Terms and Conditions.

MORGAN STANLEY & CO. *Incorporated* **ROBERTS CAPITAL MARKETS S.A.**

Notice of Early Redemption

Mipetro (Netherlands) B.V.

Yen 10,000,000,000 8 per cent. Variable Redemption Amount Guaranteed Notes due 1994

NOTICE IS HEREBY GIVEN to the Noteholders that, in accordance with Condition 6(E) of the Terms and Conditions of the Notes, the Company will redeem all of the outstanding Notes at their Redemption Amount, on 5th March, 1992, when interest on the Notes will cease to accrue. Payment of principal will be made against presentation and surrender of the Notes with all unmatured Coupons attached or, as the case may be, of the receipts issued pursuant to Condition 6(C) of the Terms and Conditions of the Notes at the specified office of any of the Paying Agents mentioned thereon. Coupon No. 2, due on 5th March, 1992, should be presented for payment in the usual manner on or after 5th March, 1992.

Bankers Trust Company, London Agent Bank

4th February, 1992

NOTICE OF EARLY REDEMPTION
To the Holders of

MIRACO INTERNATIONAL (NETHERLANDS) B.V.
(the "Company")

U.S. $30,000,000 Bonds due 2000
(the "Bonds")

NOTICE IS HEREBY GIVEN that pursuant to Condition 4(b) of the Bonds, the Company shall redeem all of the Bonds at their outstanding principal amount on 6th March, 1992. The Redemption Amount payable of each Bond shall be U.S. $10,000.

Miraco International (Netherlands) B.V.

By: The Mitsubishi Bank, Limited London Branch as Fiscal Agent

ALLIANCE & LEICESTER

Alliance & Leicester Building Society

£150,000,000

Floating Rate Notes due 1996

For the three months 30th January, 1992 to 30th April, 1992 the Notes will carry an interest rate of 10⁹⁄₁₆% per annum with an interest amount of £132.86 per £5,000 Note and £2,657.27 per £100,000 Bond, payable on 30th April, 1992.

Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London Agent Bank

CIVAS 3 LIMITED

U.S.$300,000,000

Secured Floating Rate Notes due 1992

Interest Rate 4.52688% p.a. Interest Period February 4, 1992 to August 4, 1992. Interest Payable per US$100,000 Note US$2,286.50.

February 4, 1992, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

Brokers favour use of three electronic trade systems

By Richard Waters

A POWERFUL group of institutional investors and stockbrokers yesterday named three electronic trade confirmation systems which they want to see established as standard products for use in the securities industry.

The institutions which had launched the exercise had hoped originally to select just one, effectively driving out of the market a range of competing commercial systems.

But the final decision reflected the impracticality of foisting a single system on to all users, and the need to keep an element of competition.

Electronic confirmation of the details of trades, which would replace the current system based on telex and facsimile, is seen by the institutions as a way of speeding up the clearing and settlement of deals. Some users hope that the trade confirmation infrastructure could later be used to support electronic dealing, bypassing existing exchanges.

The three systems chosen were Trax (developed by the International Securities Market Association), Sequal (the London Stock Exchange) and Oasys (a commercial system developed by Thomson). In addition, the Depository Trust Corporation of the US will also be recommended once it's product is completed.

Mr Chris Smith, manager of the transaction department in the UK of Fidelity, one of the leading fund managers behind the initiative, said the intention had been to pick only one supplier but it had proved politically impossible to do so.

Instead, national markets were likely to develop their own systems, he said, with international suppliers providing systems which were able to link internationally active investment firms into them.

SA bank plans D-Mark issue

By Tracy Corrigan and Richard Waters

THE DEVELOPMENT Bank of South Africa is preparing a debut issue of D-Mark bonds in the international capital markets.

The Republic of South Africa returned to the international arena to raise D-Mark funds last September, and followed up with an Ecu250m deal last month.

However, a $200m Eurobond for the Independent Development Trust, a government-funded health, education and housing trust, had to be pulled last November when the African National Congress refused to back the deal.

The ANC opposes new international borrowings by the present government and has said it may not honour any new loans.

The Republic of South Africa owns 84 per cent of the Development Bank of South Africa, with the remaining 16 per cent in the hands of regional governments in South Africa.

Bayerische Landesbank has won the mandate to arrange the DM100m medium-term bond issue, but officials there declined to give further details of the transaction.

Yesterday, supply in the Ecu sector continued as Daiwa Europe brought a Ecu100m five-year deal for Kommuninvest, a Swedish local authority finance institution. Though considered fairly priced, the deal was reported to be faring badly as bankers struggled to find a market for a relatively unknown name in the international markets.

The deal had strong parallels with last an Ecu issue last autumn for Municipality Finance, a Finnish institution: both are AA1 rated institutions, both are financing arms for the local government sector, and both carried guarantees, in the latest case from the county council of Orebro and 10 other municipalities.

However, with little advance preparation for the deal, bankers reported that it was proving difficult to raise interest in the issuer, which had only borrowed internationally before in Swiss francs. This was despite a yield pick-up of around 30 basis points over British Gas's five-year Ecu issue, for an offered yield of 8.779 per cent.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Interbk.Anonim Sirketi(b)‡†	50	(b)	100	1997	⅝/½	Bankers Trust Int.
ECUs						
K'invest I Orebro(a)†	100	8⅞	101.875	1997	1⅞/1.6	Daiwa Europe
D-MARKS						
Finnish Real Estate Bk(a)†	150	8½	102	1997	2/1¼	WestLB
ESCUDOS						
World Bank(a)†	18.9bn	11½	100¼	1997	1⅝/1¼	Finantia Soc.d'Inv.
SWEDISH KRONOR						
Swedish Export Credit(a)†	600	10	101.45	1997	1⅞/1¼	Svenska Handelsbanken
LIRE						
Fiat Finance & Trade(a)†	150bn	11⅞	101.90	1997	1⅞/1¼	Bca.Comm.Italiana
SWISS FRANCS						
Ryoki Kogyo(c)‡†	25	(c)	101	1997	-	Mitsubishi Bk (Switz)

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable at par from 3/95 and puttable at par from 3/94. Coupon pays 1⅜% over 6-month Libor. c) Coupon pays 0.4% over 6-month Libor. Non-callable.

Japan's second-rank brokers feel the squeeze

Securities houses are being hard hit by the ailing Tokyo stock market, which has entered its third year of weakness, writes Emiko Terazono

WHEN travelling on the 'Bullet Train', executives at National Securities, a medium-sized Japanese brokerage, do not take the first class car any more.

"We're telling everybody to bear through the hard times," says Mr Kikuo Noguchi, senior managing director at National, an affiliate of Matsushita Electric Industrial, the electronics group. Japanese securities houses are being hard hit by the ailing Tokyo stock market, which has entered its third year of weakness.

Faltering trading volume has led to sharply lower stockbroking commissions, hurting the small and medium-sized brokers which are dependent on broking fees. Mr Robert Zielinski, financial analyst at Jardine Fleming, a Hong Kong-based brokerage, assesses that losses at some of the medium-sized brokers could total as much as Y40bn.($325m)

Due to the dominance of the Big Four brokers – Nomura, Daiwa, Nikko and Yamaichi – in corporate business, such as underwriting and stockbroking for institutional investors, the remaining 260 second and third-tier brokers have come to rely heavily on brokerage commissions from individual investors.

According to Mr Zielinski, the daily average volume needs to be between 500m to 700m shares for second and third-tier brokers to be profitable. The daily volume for the first half to September last year averaged 326.2m shares, and prospects for a recovery in the second half remain bleak, with daily activity falling to a ten-year low at 217.5m shares in January.

The smaller brokers have started to turn to larger houses for support. Last year, Daiwa Securities sent its executive managing director to Imagawa Securities in Osaka to revitalise its management. Yamaichi Securities group took Yamagen Securities, a small Osaka-based broker, under its wing by increasing its stake to 56 per cent.

"A lot of customers have lost faith in us because of last year's stock scandals," says Mr Noguchi. About 80 per cent of National's revenue comes from its retail business, and it saw income plunge 32.3 per cent and pre-tax earnings fall into the red in the interim period to September last year.

Mr Noguchi says that National has started a "Peoples Capital Stock" campaign in order to revive individuals' interest. He admits that only one client in a hundred is willing to hear about stock investments, but says they will try to convince clients that, in the long term, stocks are still attractive investments.

"It's the smaller brokers' responsibility to try to revive investor confidence among individuals," says Mr Noguchi. The market volatility which has been blamed on futures related trading is not helping smaller brokers' efforts to to encourage individual investors to return to the market. "Our salesmen claim that they cannot recommend stocks to clients when prices are being manipulated by dealers," says Mr Noguchi.

The medium-sized brokers are seeing profits squeezed because they are unable to reduce heavy costs. During the stock market boom of the late 1980s, medium-sized houses invested heavily in computer networks and increased overheads to maintain competitiveness.

Since costs on capital investments are fixed, and staff cuts are not normal practice in Japan, the brokers have resorted to cutting expenses such as advertising and entertainment. At National, entertainment costs have been reduced by 25 per cent, while all advertising has been cancelled.

Personnel moves and branch closures have also been another cost-reduction measure. Last year, a total of seven branches at five medium-sized brokerages were closed.

"We're trying to weather the storm as quietly as possible," says Mr Hiroshi Endo, senior managing director at Mito Securities, another medium-sized brokerage listed on the second section of the Tokyo Stock Exchange. Mr Endo says although closure of branches were currently being discussed, decisions have yet to be made.

Mito, however, says it has an edge on other brokers due to its strong ties with its clientele in the area to the north of Tokyo. "In the late 1980s, the larger brokers tried to break into our turf, but the market slump has put a stop to their expansion," says Mr Endo. Mr Endo says that Mito will concentrate on rebuilding ties with customers in the region.

Meanwhile, financial deregulation, under which barriers between banking, securities, and insurance industries are expected to be eased next year, poses a serious threat to the survival of some of the second and third-tier brokers.

The Ministry of Finance also wants to liberalise fixed-rate commissions on stockbroking. The lack of price competition among securities houses due to the current fixed-rate commission system has been blamed as the leading cause for brokers compensating favoured clients for their losses on equity holdings.

The securities industry's bitter protest has managed to delay implementation of the ministry's plan to deregulate broking fees. However, the present market slump and expectations of increased competition are adding pressure on the securities industry, especially medium-sized houses, to rationalise.

Mito recently announced that it would absorb Kojima Securities, a small brokerage based in Yokohama, south of Tokyo. Mr Endo says that since Mito and Kojima have maintained close ties, it only made sense that Kojima, with only one branch, should merge with Mito.

Mr Noguchi, at National, says that meetings with other brokerage officials lack the previous hostile atmosphere.

"I guess you try to be nicer to others in the industry if there is a possibility that you might be working with them in the near future," he adds.

US futures exchanges to fight transaction tax plan

By Barbara Durr in Chicago

THE three largest US futures exchanges are firmly opposed to a proposal in President George Bush's 1993 budget for a 15-cent transaction tax to be introduced on trading at US commodity and options exchanges.

The Chicago Board of Trade, the Chicago Mercantile Exchange and the New York Mercantile Exchange denounced Mr Bush's proposal as an ill-advised, anti-competitive step that would discourage liquidity in US markets and drive business overseas. Other countries have moved to eliminate or reduce such taxes.

Mr William O'Conner, chairman of the CBOT, the world's largest futures exchange, said his market's share of global futures trading had diminished to 24.5 per cent in 1991 from 38.7 per cent in 1985 and he warned that the tax would "be the straw that broke the camel's back in terms of our competitive position against foreign futures exchanges."

The CBOT calculated that if the tax would reduce liquidity in the Treasury bond futures market by as little as $\frac{1}{32}$ of one per cent – the size of one "tick", the minimum price movement of the contract – "it would increase the US taxpayers' burden of financing the US government debt by $1bn".

S Africa curbs tax speculation

By Philip Gawith in Johannesburg

SOUTH AFRICA'S Commissioner for Inland Revenue yesterday rejected rumours that foreigners were to be taxed on all interest income, speculation which last week caused a sharp weakening in the financial rand investment currency.

The financial rand declined by 4.5 per cent on Thursday, to equal last July's low of R3.38 to the dollar, as foreign investors withdrew deposits from South African banks in order to avoid paying tax.

A fall in the financial rand – a pool of investment currency in which only foreigners can deal – reflects a weakening of foreign investor sentiment.

However, Mr Hannes Hattingh, the Commissioner, said the impression that all interest accruing to non-residents was now taxable was "not the position at all", adding that "the long-established rules still apply".

He noted that so far as interest was concerned, the general principle was that income tax was levied if interest was received by, or accrued to, a taxpayer from a South African source.

The source principle also applied to non-residents, and meant that the actual source of interest was determined by the place where the credit was made available by the creditor to the debtor. Thus interest accruing from a direct investment in South Africa by a non-resident was subject to tax.

Market traders said the financial rand traded calmly yesterday following the Inland Revenue's statement of clarification. It was trading at a level of R3.37 just before yesterday's close.

Mr Hattingh noted that there were two main exceptions to the general principle.

The first was that interest payable to non-residents on stock or securities issued by the government, Transnet and any local authority, Eskom or the South African Broadcasting Association, was exempt from income tax.

The second was that in terms of double taxation agreements with other countries, South African tax would not exceed an agreed percentage of interest.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday February 3 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Fri Jan 31 Index No.	Thu Jan 30 Index No.	Wed Jan 29 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (176)	785.38	-0.4	8.65	6.11	14.79	0.52	788.80	786.71	784.07	725.92
2 Building Materials (23)	963.73	+0.4	7.22	6.46	18.75	0.44	960.28	951.27	954.60	994.87
3 Contracting, Construction (29)	864.31	+0.4	9.20	8.59	15.68	0.00	861.15	856.37	862.98	1119.75
4 Electricals (7)	2483.70	+0.6	9.94	6.04	12.65	0.00	2467.98	2463.42	2465.69	1919.03
5 Electronics (26)	1778.52	-1.2	10.35	4.81	12.24	1.00	1800.19	1782.09	1748.51	1580.70
6 Engineering-Aerospace (8)	329.29	-0.9	16.21	7.89	7.50	0.74	332.28	331.18	331.06	390.20
7 Engineering-General (43)	488.97	-0.7	9.72	5.04	12.69	0.92	492.65	493.54	492.88	350.74
8 Metals and Metal Forming (10)	326.29	-1.9	2.14	10.64	-	0.00	332.56	333.18	331.50	410.25
9 Motors (13)	302.11	....	8.45	7.89	15.73	0.00	302.13	299.17	297.90	279.24
10 Other Industrial Materials (19)	1593.47	-0.4	7.55	5.14	15.76	0.69	1600.59	1607.61	1607.01	1293.27
21 CONSUMER GROUP (188)	1666.71	-0.2	6.97	3.30	17.68	1.80	1670.88	1650.27	1649.42	1240.64
22 Brewers and Distillers (23)	2092.14	-0.4	7.89	3.39	15.39	7.92	2099.97	2070.74	2071.30	1573.91
25 Food Manufacturing (18)	1259.65	-0.2	8.56	4.03	14.43	2.11	1262.10	1247.22	1244.15	1051.20
26 Food Retailing (17)	2559.81	-0.4	8.63	3.24	15.05	0.39	2569.60	2533.54	2534.26	2389.73
27 Health and Household (23)	4552.36	....	4.99	2.15	22.98	0.88	4554.36	4498.53	4495.71	2655.62
29 Hotels and Leisure (24)	1267.97	-0.9	7.49	5.29	16.64	0.07	1280.06	1256.10	1246.33	1143.81
30 Media (24)	1496.02	-0.2	6.55	3.59	19.21	1.22	1498.30	1487.07	1482.60	1221.86
31 Packaging, Paper & Printing (17)	753.68	-0.3	7.02	4.40	17.26	0.22	755.96	758.14	756.23	522.60
34 Stores (32)	1022.61	-0.2	7.22	3.53	18.34	0.23	1025.03	1011.96	1016.80	793.43
35 Textiles (10)	616.29	+0.4	7.45	5.02	17.13	0.00	614.08	606.62	606.97	399.52
40 OTHER GROUPS (116)	1216.23	-0.4	9.93	5.45	12.70	6.09	1221.19	1214.14	1205.90	1036.08
41 Business Services (16)	1350.00	-1.0	7.43	4.86	17.11	0.00	1363.82	1365.49	1363.08	900.71
42 Chemicals (21)	1489.22	....	6.78	4.91	18.23	0.44	1488.38	1474.77	1472.18	1109.97
43 Conglomerates (11)	1285.31	-1.7	11.28	7.88	10.79	3.11	1307.84	1290.72	1271.71	1306.34
44 Transport (14)	2419.10	-1.1	5.30	4.67	24.84	2.46	2444.79	2407.38	2406.85	1833.23
45 Electricity (16)	1221.64	+0.7	14.84	6.09	8.77	15.30	1212.68	1210.97	1204.50	1090.77
46 Telephone Networks(4)	1384.88	-0.5	11.33	4.53	11.52	15.96	1392.37	1391.61	1378.42	1177.33
47 Water(10)	2371.30	-0.8	18.00	6.71	6.12	0.00	2391.42	2380.91	2361.80	2442.19
48 Miscellaneous (24)	1852.12	+0.4	5.53	5.27	24.70	0.95	1845.40	1835.21	1820.39	1630.79
49 INDUSTRIAL GROUP (482)	1300.94	-0.3	8.17	4.45	15.31	2.88	1305.24	1293.99	1290.40	1052.34
51 Oil & Gas (18)	2157.01	-0.3	11.84	6.50	11.15	8.11	2163.83	2162.16	2173.61	2160.29
59 500 SHARE INDEX (500)	1378.67	-0.3	8.58	4.65	14.71	3.28	1383.21	1372.47	1369.89	1145.06
61 FINANCIAL GROUP (87)	727.25	-0.7	-	6.39	-	0.13	732.16	728.69	728.89	721.75
62 Banks (9)	875.94	-0.7	4.38	6.06	46.43	0.00	882.37	873.12	873.66	777.60
65 Insurance (Life) (6)	1412.21	-0.5	-	6.05	-	0.00	1419.10	1423.03	1429.45	1331.78
66 Insurance (Composite) (7)	512.75	-0.9	-	8.50	-	0.00	517.27	515.30	514.81	617.28
67 Insurance (Brokers) (10)	1000.67	-0.9	7.73	6.68	17.03	1.80	1010.12	1003.59	1004.13	987.56
68 Merchant Banks (7)	472.42	+0.3	-	4.54	-	0.00	471.00	470.37	466.85	348.20
69 Property (33)	785.64	-0.9	7.32	5.77	16.69	0.44	792.56	796.20	796.11	965.96
70 Other Financial (14)	241.11	+0.1	8.26	7.41	16.00	0.00	240.91	240.18	239.72	243.42
71 Investment Trusts (68)	1183.50	-0.3	-	3.68	-	1.66	1186.80	1182.59	1185.27	987.82
99 ALL-SHARE INDEX (654)	1223.33	-0.4	-	4.85	-	2.56	1227.84	1218.88	1217.03	1039.76

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Year ago
FT-SE 100 SHARE INDEX♦	2560.2	-11.0	2568.4	2552.5	2571.2	2550.8	2546.5	2552.0	2539.9	2172.4

FIXED INTEREST

PRICE INDICES	Mon Feb 3	Day's change %	Fri Jan 31	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	122.12	+0.03	122.09	1.94	1.07
2 5-15 years (26)	136.24	+0.09	136.12	1.76	1.97
3 Over 15 years (8)	147.39	+0.18	147.48	2.36	0.56
4 Irredeemables (6)	163.27	+0.13	163.06	2.60	0.00
5 All stocks (66)	134.33	+0.08	134.26	1.91	1.51
Index-Linked					
6 Up to 5 years (2)	169.00		168.99	1.26	0.00
7 Over 5 years (9)	149.46	+0.01	149.45	0.57	0.63
8 All stocks (11)	151.02	+0.01	151.00	0.63	0.54
9 Debs & Loans (62)	117.87	+0.13	117.72	2.91	0.40

AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 3	Fri Jan 31	Year ago (approx.)
British Government				
1 Low Coupons	5 years	8.74	8.75	9.76
2 (0%-7¾%)	15 years	9.19	9.21	9.76
3	20 years	9.19	9.21	9.76
4 Medium	5 years	9.53	9.53	10.48
5–17 [illegible]				

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	34	4	41
Other Fixed Interest	6	3	8
Commercial, Industrial	222	312	946
Financial & Property	98	156	539
Oil & Gas	13	26	52
Plantations	0	1	8
Mines	26	36	89
Others	22	77	34
Totals	421	615	1,717

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Feb. 3
- Last Dealings Feb. 14
- Last Declarations May 7
- For settlement May 18

[illegible]

TRADITIONAL OPTION 3-month call rates

[illegible]

UK COMPANY NEWS

Poor high street trading leaves Menzies at £2.1m

By Andrew Bolger

SHARES IN John Menzies fell by 31p to 429p after the Edinburgh-based retail and wholesale group said the recession continued to reduce margins and restrict profits.

Turnover rose by 8 per cent to £489.3m but trading profits fell from £6.7m to £4.5m in the six months to October 31. Pre-tax profits were £2.1m compared with £200,000 last time, when there was an exceptional loss of £4m in the Hammicks Book Wholesaling business.

The group said trading conditions were particularly poor in the high street, where the core John Menzies Retail business reflected the depth of the recession.

Mr John Menzies, chairman, said: "A return to satisfactory results must await the end of this recession and the more buoyant rates of growth which it will bring."

The second-half results would include the important Christmas period, when sales were broadly as expected, although trading conditions generally remained poor and margins continued to be under pressure.

In the UK, the Early Learning chain recorded significant volume growth against general market trends. In the US, Early Learning had shown sales increases above trends in the depressed retail sector.

The US business is still for sale, but the group said the prospect of attracting external investor finance would have to await recovery in the retail and venture capital markets.

Although the performance of Early Learning in the US is much improved, it is still incurring losses. These are covered by a £15.2m extraordinary provision, which the group took in 1990, and which has almost been exhausted.

Mr Ranald Noel-Paton, managing director, said the group would decide at the year end whether to make a new provision or to take in the results of the business above the line.

John Menzies Wholesale, which handles newspaper distribution, and TBD, which is a wholesaler in home entertainment, continued to increase market share.

Earnings per share fell to 0.9p (losses 1.4p) and the interim dividend is lifted to 3.6p (3.4p).

Petrocon targets James Wilkes

By Peggy Hollinger

PETROCON, the engineering and surveying group, yesterday launched a hostile £36.6m paper bid for James Wilkes, the acquisitive engineer which is also the world's largest manufacturer of beer mats.

The offer of 13 new Petrocon shares for every three of Wilkes' values the target's stock at 199.3p. Petrocon's shares held steady after the announcement to close at 46p. Wilkes's shares rose 5p to 182p.

Mr Stephen Hinchliffe, Wilkes chairman, attacked the offer as an "unwelcome and damaging intrusion to James Wilkes' development". It "significantly undervalues [its] present profits and performance", he said.

Mr Colin Robinson, Petrocon chairman, said, however, that Wilkes' gearing and overheads had been allowed to reach "excessive levels". Petrocon, which owns a 2.84 per cent stake in Wilkes, claimed to have received the support of investors holding 29.1 per cent.

Mr Robinson said there were synergies in the companies' engineering divisions. One of Wilkes' main subsidiaries is Floform, the spark plug electrode maker, bought from Hollis Industries in 1989 when Mr Robinson was chief executive there. Petrocon makes and distributes valves and pipe fittings.

Mr Hinchliffe dismissed the synergy claim, saying: "To put these businesses together is basically having just James Wilkes." The company had embarked on a programme in December to "substantially cut gearing", he added.

Petrocon also yesterday announced an agreed £2.68m offer for Beverley, an engineering, software and management services company controlled by Mr Robinson and three other Petrocon directors.

Mr Robinson, who set up Beverley in 1989, holds 70 per cent of the smaller company and will earn about £2m in cash and Petrocon shares through the deal. The directors have agreed to retain the Petrocon shares until 1993.

If both offers are accepted, the new stock issued would represent 69.1 per cent of Petrocon's share capital.

Du Cann resigns from Lonrho board

By Roland Rudd

Sir Edward du Cann, who last August stepped down as chairman of Lonrho, yesterday resigned as a director of the international trading group.

A former chairman of the Conservative party, Sir Edward was forced to step down as chairman last year after the Department of Trade and Industry said it was applying to have him disqualified as a company director.

It is understood that Sir Edward, aged 67, decided to resign as a director because he was not as fully occupied in his post as he was when he was chairman. There was also little possibility of him holding the Lonrho chair again.

The DTI yesterday said the move to have Sir Edward disqualified – because of his involvement in Homes Assured, a mortgage broker which collapsed in September 1989 – was unlikely to come to fruition within the year.

Law Lords dismiss Maxwell's petition

By Robert Rice, Legal Correspondent

MR KEVIN Maxwell yesterday lost the final round of his legal battle to remain silent about the whereabouts of £450m missing from Maxwell pension funds.

Three Law Lords, sitting in private, unanimously dismissed Mr Maxwell's written petition for leave to challenge last week's Appeal Court ruling that he must answer investigators' questions.

Mr Maxwell now has until "close of business" on Wednesday to comply with a High Court order made before Christmas requiring him to swear an affidavit giving information about transactions involving pension fund money to Mr Neil Cooper, provisional liquidator of Bishopsgate Investment Management (BIM), which managed Maxwell pension funds.

The order requires Mr Maxwell to tell Mr Cooper all he knows of any transaction involving property funds or assets of BIM or of the common investment fund managed by BIM from October 1989 to date. Mr Maxwell had argued that he had the right to remain silent because of the risk that he might incriminate himself in the face of possible criminal charges.

The Appeal Court ruled that, as a director of BIM, he was not entitled to rely on the privilege against self incrimination when facing a reasonable request for information under the terms of the 1986 Insolvency Act. It was clear that Parliament had by implication intended that the privilege against self incrimination should not be available to people facing questioning under the act, which greatly extended the investigative powers available to liquidators and expressly placed company directors and others under a duty to assist them.

UniChem purchase

UniChem is paying up to £2.22m in shares and cash for nine pharmacies in Berkshire and Plymouth, with a total annual turnover of £3.68m.

Wellcome study backs efficacy of Retrovir

By Paul Abrahams

WELLCOME, the UK pharmaceutical group, yesterday published preliminary study results demonstrating that Retrovir halved the likelihood of healthy people infected with the human immunodeficiency virus (HIV) developing Aids and related diseases.

The data also challenged doubts about the drug's toxicity in healthy HIV-positive patients. Wellcome's shares rose 24p to £11.73 in a falling market.

The company said that, if the findings were confirmed by full analysis, the range of HIV-positive people who would benefit from Retrovir would be broadened.

The data showed that patients receiving a placebo had a 28 per cent probability of deterioration compared with 14 per cent of those on Retrovir. Analysts said the study, which involved nearly 1,000 patients, should be taken seriously and could prove influential on medical opinion.

Mr Robin Gilbert, analyst at James Capel, pointed out that, although the study patients had taken high doses of 1,000mg a day, the drug had been well tolerated. This suggested the drug's reputation for toxicity was not justified for healthy HIV-positive patients. A shorter Anglo-French study has recently come to the same conclusion.

Wellcome has had difficulty selling the drug to HIV-positive people who have not developed Aids because of fears about the drug's toxicity. Many patients have been taking lower than recommended dosages.

"The implication of this study is that anybody with HIV – even those at early stages of the disease – will benefit from the drug," said Professor David Cooper, chairman of the international co-ordinating committee for the trial.

Wellcome was cautious about any immediate increase in sales following the study. The company pointed out that the results were preliminary and that the drug would have to negotiate regulatory hurdles before it could be administered to patients without Aids symptoms. Any financial benefits were not likely to emerge until next financial year, said the company. Last year, the drug had sales of £177m.

Mr Jonathan de Pass, an analyst at BZW, said: "This study should help the company overcome the perception of the drug's dangers. We believe sales forecasts have been scaled down too far. If the perception can be changed, usage could grow moderately fast to as much as £400m a year."

See Lex

Securiguard confounds City expectations

By Richard Gourlay

SECURIGUARD confounded City expectations with a 30 per cent increase in pre-tax profits and a sharp reduction in debt that sparked a 17p jump in the share price to 136p.

Pre-tax profits for the year to November 3 1991 rose from £3.86m to £5.03m on sales up 7.5 per cent at £161.6m.

Mr Alan Baldwin, chairman, said debt had been cut from £17.2m to £12.7m after payment of a £1.9m installment for the acquisition of Madison Building Services group, increasing interest cover to over three times.

Most of this reduction came from reducing the level of debtor days as management focused more time on existing businesses rather than new acquisitions.

The core security and cleaning activities in the UK grew strongly. Trading profits expanded 22 per cent to £3.8m for security services, while cleaning rose 16 per cent to £1.62m.

In the US, where the company was suffering from a more serious recession, trading profits fell 18 per cent to £1.8m on sales 24 per cent higher at £49.6m.

A reorganised overnight parcel delivery service increased its profits on reduced sales as the volume of "next-day" deliveries carried by City Link networks grew by more than 40 per cent.

The weak link remained the personnel service division where losses were slightly reduced to £700,000 following cost cutting, but on sales down from £18.3m to £12.9m.

Mr Baldwin said contracts won in Europe would reduce the losses to under £500,000 this year, a level that justified the decision not to close the division.

Earnings per share rose 21 per cent to 17p (14p) and the final dividend is raised to 5.3p, giving a total up from 8p to 8.5p.

● COMMENT

Securiguard has incurred its share of City wrath in the last couple of years for letting debt rise too high and for surprising the market with profits warnings. Last year's sharp reduction in debt will go a long way towards regaining confidence. Even though it will be difficult to repeat the debt reduction by further squeezing working capital, fewer acquisitions should mean interest cover can again increase. Concerns remain about the the personnel services sector where the only signs of improvement come from additional contracts in Europe rather than an upturn in the industry. Nevertheless, estimates of pre-tax profits of £5.7m for 1991 seem conservative. This would give earnings per share of 19.2p and a prospective multiple still languishing at a modest 7. The stock may not, however, be fully priced until bridges are fully rebuilt with the City.

Receiver called in at Allied Partnership

By Richard Gourlay

Allied Partnership Group, the environmental contractor and fork lift truck distributor, said yesterday that a receiver had been appointed to the group holding company following an application from Humberclyde Industrial Finance, a leasing company.

Shares in Allied Partnership were suspended last Thursday at 9¾p and on Friday the company unsuccessfully tried to set aside Thursday's appointment of Touche Ross as the receiver.

Humberclyde said that the receiver had been appointed last Thursday at 12.15pm.

Dew Group, which is the main construction company within APG, is currently trading profitably and continues to have the support of its bankers, APG said.

Humberclyde had taken the step of appointing the receiver to protect its security interests which it believed were in danger of being undermined by the granting of additional security to other parties.

CRT defies downturn in sector with 6% rise

By Peggy Hollinger

CRT, the consultancy, recruitment and training company, defied the downturn in its sector with a 5.6 per cent rise to £2.61m in pre-tax profits for the six months to October 31.

The interims mark the first set of accounts to be released which show CRT – created through the reverse takeover of textile manufacturer Smallshaw in 1989 – in its virtually finished form. Smallshaw's knitwear businesses were sold in the latter part of last year.

"CRT is now actually happening, whereas previously it was a concept," said Mr Barrie Clark, finance director. In the last two years, the group has paid more than £20m for seven companies.

The pre-tax figure was struck on turnover 7 per cent higher at nearly £20m, on a pro forma basis, and compared with £2.47m. During the six months CRT made two acquisitions, Pitman Office Training for £2.2m, and Doctus, the management consultancy, for a nominal sum. Pitman, which incurred losses last year, had contributed profits of about £100,000, said Mr Karl Chapman, chief executive.

Of the group's three divisions, the decline in general recruitment had been offset by the demand for workers in information technology. "We are doing as badly as everyone else in general recruitment," he said.

However, the training division – which accounted for50 per cent of sales and 80 per cent of profits – had shown steady progress. Profits were held back by a switch in the method of fee payment to a performance-related basis. This meant CRT's group profits would be more weighted towards the second half, Mr Chapman said, as payments came in when students achieved qualifications.

The consultancy side, which was formed from the Doctus acquisition and included for three months, had performed to expectations.

Earnings per share rose to 3.47p (3.19p). The interim dividend is raised from 0.5p to 0.575p.

BT considers selling Aeradio in refocusing

By Hugo Dixon

BRITISH Telecommunications is considering selling International Aeradio, its airport and hospital management subsidiary, as part of its strategy of refocusing on telecommunication services.

IAL, with annual turnover of some £100m, is one of the larger acquisitions made by BT after its privatisation which no longer fits into the core activity of running telecommunication networks. Recently, BT said it was trying to sell the much smaller Telecom Security, its alarm business.

BT said yesterday that there was nothing active happening with IAL, which was bought from STC, the electronics group, in 1986.

IAL runs hospitals in overseas territories, particularly in the Middle East. It also manages airline security systems. These activities were no longer considered core to BT.

But other parts of IAL may still be considered by BT to fit in with its strategy, including its airport communications businesses and overseas offices.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.17	17.40	17.40
0100	17.46	19.36	21.23
0130	17.46	19.54	21.40
0200	17.46	19.54	21.39
0230	17.18	17.29	17.29
0300	17.17	17.17	17.17
0330	17.16	17.16	17.16
0400	17.16	17.15	17.15
0430	17.13	17.11	17.11
0500	17.13	17.11	17.11
0530	17.13	17.12	17.12
0600	17.13	17.12	17.12
0630	17.14	17.12	17.12
0700	17.43	17.31	17.31
0730	18.82	19.06	20.91
0800	18.88	19.06	20.91
0830	18.97	19.13	20.96
0900	19.16	19.27	21.11
0930	22.96	19.47	21.32
1000	22.96	27.71	29.79
1030	22.96	27.71	29.80
1100	22.96	19.47	21.32
1130	22.57	19.47	21.31
1200	22.98	19.47	21.31
1230	22.96	19.47	21.32
1300	22.93	19.47	21.31
1330	19.23	19.32	21.14
1400	19.22	17.54	17.54
1430	19.06	19.32	[illegible]
1600	19.03	19.47	21.31
1530	19.04	20.13	22.00
1600	19.10	21.92	34.41
1630	20.00	44.90	51.30
1700	39.41	54.86	62.36
1730	48.12	54.44	[illegible]
1800	50.84	41.44	46.00
1830	43.37	28.95	29.31
1900	27.46	21.11	22.96
1930	23.01	21.03	22.89
2000	21.74	20.75	22.60
2030	19.06	20.10	21.93
2100	18.90	19.76	21.59
2130	17.96	19.13	20.96
2200	17.46	19.06	20.90
2230	17.15	19.06	20.90
2300	17.10	17.18	17.18
2330	17.06	17.12	17.12
2400	17.06	[illegible]	17.12

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

UK COMPANY NEWS

P Black falls 15% and cuts debt

By Jane Fuller

THE ILL effects of recession on the footwear and accessories business of Peter Black Holdings showed through in a 15 per cent fall to £4.52m in pre-tax profit in the six months to November 30.

The reduction, from £5.31m, came on turnover of £60.5m (£77m). About £14m of the sales fall was accounted for by the shedding of the home furnishings and rubber-soled slipper activities.

Mr Stephen Lister, finance director of the Keighley-based company, said that turnover on a like-for-like basis was down 5 per cent. Sales to Marks and Spencer, which accounted for about 60 per cent of last year's total, had been less badly affected than those to other retailers.

Net debt had been reduced by a further £4m to £10.5m, which meant it had virtually halved since November 1990. Gearing had come down to 29 per cent. An example of the tightened control was a reduction in stocks from £23m to £18m, he said.

A little more than half the turnover lay in the footwear and accessories division. Mr Gordon Black, joint chairman with his brother Thomas, said accessories had been the worst affected by recession.

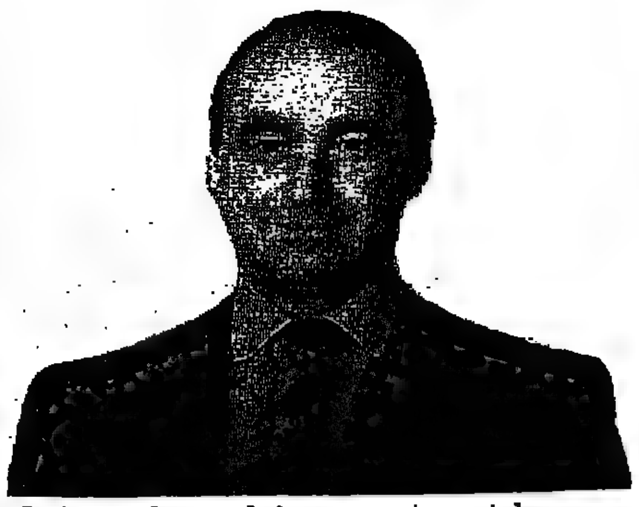
The group's share of the footwear market had been maintained and he was optimistic about demand from Marks and Spencer, which was increasing its presence in women's shoes. The division's operating margin was below the group average of 9.5 per cent.

A better return was made by personal care, including toiletries, cosmetics and dietary supplements, accounting for 35 per cent of sales. Its half-year result was, however, affected by the £200,000 cost of closing a factory and transferring production to Trowbridge.

At English Grains, the private label business was being developed alongside such brands as Natracalm and Red Kooga Ginseng.

Mr Black said no improvement in trading was expected until well into this year, leaving profit prospects flat for the second half.

Earnings per share fell to 5.56p (6.63p). The interim dividend is held at 0.77p.



Gordon Black: no early improvement expected

Court forbids release of £6m in PPI-frozen account

By David Barchard

THE CENTRAL bank of the internationally unrecognised Turkish Republic of Northern Cyprus yesterday lost an Appeal Court battle to be allowed to take £6m spending money from £23m frozen in its main UK account.

The freezing order was imposed in October at the request of the administrators of Polly Peck International, the fruit and electronics group, who are seeking to recover funds allegedly improperly removed from the company.

Yesterday's appeal was against a High Court ruling on January 14 by Mr Justice Harman, refusing leave to take out more funds.

The bank argued that it was unable to discharge its obligations because of the freeze on its funds in the UK.

Lord Justice Parker, sitting with Lord Justice Stocker and Sir David Croom-Johnson, said that it was plain that, since October, the bank had operated its account so as to defeat the protection given to the Polly Peck administrators and remove assets covered by the freezing order.

The bank was ordered to pay the administrators' costs incurred in opposing the appeal.

Debt agreement imminent at Embassy Prop

Embassy Property Group said it was close to agreement with its main banks on reducing its debt burden. Directors said broad principles of agreement had been reached which could only be completed with a capital injection.

The main terms include a forgiveness of the breach of covenants and a "waiver of interest on the majority of debt for a substantial period" together with a significant debt write-off and conversion into shares. It is hoped that discussions with potential investors and existing shareholders to raise new capital should be completed shortly.

At the same time the USM-quoted group announced pre-tax losses for the year to March 31 of £9.49m (profits of £1.38m) after making a £8.64m provision against work in progress and investment properties.

There is no dividend for the year with the final being passed. Last year payments totalled 5p.

Turnover was £15.5m (£21.8m). Losses per share were 121.9p compared with earnings of 10.1p.

Abbey National sets up share service

By David Barchard

ABBEY NATIONAL, the retail banking group, is setting up its own retail stockbroking and share registration services.

The operation, which will be based at Sheffield, marks a departure by Abbey National from its traditional core business areas.

The share registration services will be introduced in the late summer of 1993 when Taurus, the electronic share record system, is introduced by the Stock Exchange. Its introduction will bring to an end Abbey National's link with Lloyds Bank registrars which at present looks after the certification of its 3.5m shareholders.

The bank will phase out its existing business with Sharelink by the end of the year.

Mr Geoffrey Osbaldeston, commercial services director, said that the share dealing service would operate by post and on an execution-only basis. Abbey National branches will not handle the share dealing.

NEWS DIGEST

Franchises lift Harry Ramsden's

EXPANSION OF its franchise activities enabled Harry Ramsden's to increase profits for the year to September 30 from £548,595 to £561,491.

Revenues from the franchises more than made up for a downturn at the company's original restaurant in West Yorkshire.

The USM-quoted fish and chip restaurant company said that the brand had been successfully established at Glasgow, Blackpool and Heathrow airport. Further expansion is planned for this year with the possibility of openings in Hong Kong and the Middle East.

It is also buying Merryweather's, a small chain of fish and chip shops.

Turnover, relating totally to the West Yorkshire restaurant, fell to £1.85m (£1.93m). Net interest received declined to £115,960 (£216,254) and there was a share of associates' losses of £5,971.

Earnings per share were 6.8p (6.6p) and a proposed final dividend of 3.5p leaves an unchanged total of 4.5p. There was an extraordinary charge of £34,275 covering the costs of moving from the Third Market to the USM.

Losses rise at Oliver Resources

Pre-tax losses at Oliver Resources, the Dublin-based oil and gas exploration company, rose from I£199,014 to I£271,792 (£252,079), in the six months to April 30 1991.

Revenue from oil and gas sales fell to I£766 (I£2,280), though interest receivable and similar income doubled to I£50,826 (I£24,877). Losses per share emerged at 0.5p (0.3p).

Seacon tops £1.6m after 5% increase

In a difficult year, which took in the Gulf war and the deepening recession, Seacon Holdings, the USM-quoted transport and freight group, raised pre-tax profits by 5 per cent, from £1.58m to £1.66m.

Mr Chris Roth, chairman and chief executive, said the result for the 12 months to September 30 was achieved from an increased share of a falling and more difficult market, as well as higher interest receivable (£788,000 net against £547,000) on cash resources.

Turnover showed little change at £17.7m (£17.3m) but operating profit fell to £847,000 (£1.04m). Earnings were 12.05p (13.91p) and the final dividend is 2.7p for a total of 4.2p (3.5p).

Mr Roth said in the first quarter of the current year profits were marginally ahead. But he did not expect any marked improvement in results for the rest of the year.

Drayton Far Eastern assets up

The net asset value of Drayton Far Eastern Trust improved by some 11 per cent over the 12 months to December 31, to 96.3p against 86.9p.

Net revenue improved from £712,000 to £1.05m for earnings of 0.92p (0.64p) per share. A proposed final distribution of 0.5p lifts the total for 1991 to 0.625p (0.6p).

Rolfe & Nolan pays $0.5m for US stake

Rolfe & Nolan, a provider of back office services to banks, has paid $500,000 (£276,000) cash for an initial 19.9 per cent stake in Brokerage Systems, a privately-owned US company

It has also taken an option to purchase all outstanding BSI shares for $3.5m or a profit-related payment of between $1.2m and $5m by May 28 1993.

The consideration will be settled by the issue of new shares at a fixed price of $3.23.

Seton adds to its brands portfolio

Seton Healthcare Group has expanded its portfolio of branded healthcare products with the acquisition of Pharmalab, the wholly-owned subsidiary of Sanofi.

Pharmalab owns Earex ear drops and ear plugs and Dermidex dermatological cream. Consideration is a nominal £2 though Seton is to pay about £3.19m owed by Pharmalab to Sanofi for the acquisition of the brands and related stock, debtors and creditors – £3.15m relates to the brands.

GPG to send report and accounts late

GPG, the investment company run by Sir Ron Brierley, the New Zealand entrepreneur, will be sending its 1991 report and accounts to its UK and New Zealand shareholders three weeks later than the New Zealand Stock Exchange had stipulated.

NZSE regulations required completion by January 31 and the London Stock Exchange by March 31. The company had intended to meet the earlier date but the preparation of the accounts on the basis of the new UK Financial Reporting Exposure Draft 1, as yet unadopted by the UK Accounting Standards Review Board, has taken longer than expected.

The NZSE was informed of the likely delay on January 22 and a waiver was sought. It was denied.

Rationalisation begins at BAe

British Aerospace is selling its Aerostructures Hamble aircraft components subsidiary for £47m to a new company to be set up by Legal and General Ventures.

This is a first step in BAe's rationalisation policy of concentrating on its core defence, commercial aircraft, Rover cars and property and construction businesses.

Aerostructures was set up in 1989 to produce components for civil and defence aircraft. It employs about 1,700 and supplies parts for BAe aircraft programmes as well as to other customers, including Saab McDonnell Douglas, and Westland, the helicopter group.

Last year its turnover was £66m and pre-tax profit £4m.

Ptarmigan requests share suspension

Directors of Ptarmigan Holdings have requested a temporary suspension of dealings in the shares.

Further to an announcement in December, they said talks were continuing with a third party which may or may not lead to a significant acquisition.

Exchange rates push Kelt sharply into red

In spite of a 54 per cent rise in operating profits, Kelt Energy, the restructured independent UK and US oil and gas company, fell steeply into the red in the six months to September 30 after an even more sharp turnround in exchange rate differences.

Pre-tax losses emerged at £4.13m (profits £6.9m) and were struck on increased turnover of £18.1m (£16.8m). Operating profits of £2.05m (£1.33m) were turned into losses at the pre-tax level by a deficit of £4.28m (credit of £12.3m) from exchange rate differences, although net interest payable was reduced to £1.9m (£6.75m).

In the year to March 31 1991, taxable losses amounted to £154.3m after a £150.8m exceptional charge.

Mr Hubert Perrodo, chairman, said that during the six months Kelt had completed the repayment of is debt via the disposal of its 7.5 per cent interest in Wytch Farm, the Dorset oilfield, and its non-US international assets. These resulted in an extraordinary profit of £120.1m.

Merlin Intl losses reduced to £21.3m

Merlin International Properties, the troubled Isle of Man-based company, announced a pre-tax loss of £21.3m for the year to June 30, against £25.9m previously.

The company is dependent upon the support of its bankers. Its auditors have prepared the accounts on a going concern basis, saying the company's continued trading relies on the successful implementation of its corporate plan.

"There is no prospect of our shares being relisted until we can show that the company has achieved financial stability and secured a viable future," the company said.

Merlin made exceptional and extraordinary provisions of £15.3m against Australian and US interests. In particular, it put £4.9m for non-payment of a debt from the Hayson Group, £3m against the investment in the Enterprise Development Company in the US, and a £3.2m extraordinary charge for a debt from a former subsidiary now in liquidation.

Losses per share were 84.4p (105.6p).

Welsh Industrial net assets growth

At October 5 1991, net asset value of Welsh Industrial Investment Trust had risen to 151p, against 145p six months earlier.

Over 60 per cent of assets were represented by government securities and cash, and it was intended to hold to that policy until the recession abated.

Earnings per share worked through at 3.99p (3.06p).

UK COMPANY NEWS

Anglo United prepares for coal bid with sales

By Roland Rudd

MR DAVID MCERLAIN, chairman of Anglo United, owner of the Coalite smokeless fuel business, has detailed his strategy for selling businesses worth about £100m which would enable him to proceed with his ambitious plan to buy British Coal's assets.

The Department of Energy is studying Anglo's plan to acquire British Coal through a reverse takeover of the corporation.

A new company would be established to acquire both Anglo and British Coal by issuing new shares. But Anglo does not want to acquire the corporation through borrowings and would thus like to reduce its current debt. The latest disposals will also reduce Anglo's interest payments which in the last six months totalled £16.6m.

Cash generated from the planned disposals will be used to repay the largest part of the loan repayment schedule established after Anglo bought Coalite for £487m in 1989.

While the present schedule is being paid from the first wave of disposals and cash generation, Mr McErlain has decided to embark on a second round of disposals to enable the group to pay back £108m - the biggest single amount owed and due in 1996, within the next 18 months.

Mr McErlain is confident that he can raise about £100m, possibly within the year, by selling the following businesses:

- Liquid fuels, with sales of £200m and operating profits of £11.2m for the year to end-March 1991 and valued in the balance sheet for £23m, may raise some £50m by way of a flotation. If a public offer takes place Mr McErlain would maintain a 20 per cent stake so he could classify it as an associate.
- Chemicals, with turnover of £28m, operating profits of £5.6m and valued in the balance sheet at £7m, is lined up for a possible management buy-out for about £40m. If Anglo did proceed down this route Mr McErlain said he would want to keep 15 per cent in order to benefit from the increased productivity that MBOs normally generate.
- Instruments, Seaham Harbour and Pozament, with combined sales of £19.7m and operating profits of £3.8m, may be sold as a package to one entrepreneur for £3m.
- The Falkland Islands Company and its associated businesses on the south Atlantic Islands, with net assets of £7m and pre-tax profits of £1.25m, is on sale for about £10m. Mr McErlain has already received offers of interest.

Allied-Lyons leasing plan to proceed

By Philip Rawstorne

ALLIED-LYONS, the drinks, food, and retailing group, yesterday confirmed that it intends to go ahead with its plan to lease 734 pubs to Brent Walker, the debt-laden leisure group.

The deal, which is vital to Brent Walker's financial restructuring, will be sealed in spite of a warning from the Office of Fair Trading that the leased pubs would still be counted as part of Allied's tied estate.

Allied, which has to free 2,380 pubs from tied beer supplies by November to comply with government orders, said its legal advice was that the 734 pubs would count towards that disposal target.

Under the terms of the deal, Allied will buy 50 pubs from Brent Walker and supply two thirds of the beer requirements of its remaining 1,800 pubs for seven years.

If the OFT should be successful in persuading the courts that the 734 pubs are still "tied" after the November disposal deadline, Allied and Brent Walker have agreed a fall-back position to safeguard Allied's position.

This involves varying the duration and volume of the beer supply agreement and the leasehold rents of the pubs.

Recession prompts Thwaites to seek buyers

By Andrew Baxter

THWAITES, the Leamington Spa-based company whose sturdy dumpers are a familiar feature of UK construction sites, is exploring a possible sale of the company after a sharp fall in demand caused by the recession.

Thwaites said yesterday that, following several approaches from parties interested in buying the company, it had asked Robert Fleming, the merchant bank, to advise shareholders and the company in connection with the possible sale.

The company, formed in 1937 by the late Mr Basil Thwaites, has more than 50 per cent of the UK market for site dumpers from three quarter tonnes to eight tonnes payload, and like many in the industry has jealously guarded its independence.

The recession, however, has caused its main market to contract by about 50 per cent. This, and approaches from a number of Far Eastern and continental European construction equipment manufacturers, had persuaded the family-owned company that now might be an appropriate time to sell.

Yesterday the company and its advisers were stressing that the potential change of ownership was not a fire sale. Thwaites is in a sound financial condition and will remain independent with the full support of its present shareholders if acceptable terms cannot be negotiated.

Tony Andrews

The reporter test-driving a Thwaites mini-dumper, often seen on UK construction sites

The announcement is likely to spark considerable interest in the construction equipment industry.

"It has a lot to offer: a nice facility with a very good engineering track record and a good product reputation round the world," said Mr David Phillips, director of the Corporate Intelligence Group's Off-Highway Research Division.

"It could be a very good purchase for a Japanese or Korean company that wants a manufacturing presence in the European Community."

Mr John Webb, Thwaites managing director, said site dumpers were primarily a product for the UK market, and there was a limit to the extent that exports could be increased.

Diversification with the launch in 1986 of the Alldig small backhoe loader had been hard going against the bottom end of JCB's range, and Thwaites' recently acquired Pegasus range of all-terrain access equipment had been hit by the market downturn despite being popular with users.

Mr Webb said there were a number of German, French and Japanese manufacturers which did not have a good UK distribution base. There was also plenty of room for expansion at Leamington - a streamlined workforce of 170 is working in 160,000 sq ft of a 260,000 sq ft site.

No financial details were available, but Fleming is sending details to potential purchasers worldwide.

M&G gives details of Recovery Trust issue

By Philip Coggan, Personal Finance Editor

M&G, the fund management group, has issued preliminary details of its Recovery Investment Trust, which it plans to launch later this month.

The trust will have a split capital structure, like the Income Investment Trust which M&G launched last year. There will be three classes of shares: income, capital and zero dividend preference.

The issue will have two parts: an offer for subscription, in which investors will only be able to apply for a package of all three shares, and a tender offer by SG Warburg in which investors will be able to buy the individual components and a geared unit, comprising the income and capital shares together.

Listing particulars will be published on February 14 and the offer will close on March 27. The launch of the trust is timed so that investors will be able to place a full £6,000 into a personal equity plan for each of the tax years 1991-92 and 1992-93.

As with the Income Trust, M&G has put an intensive marketing effort into the launch and this has resulted in higher expenses - at a maximum of 4.76 per cent - than are normal for an investment trust launch. The annual management fee will be 0.75 per cent.

The yield on the trust is expected to be about that payable on M&G's Recovery unit trust, which currently pays 5.1 per cent.

Thorn EMI expands in US

By Guy de Jonquières, Consumer Industries Editor

THORN EMI, the music and rentals group which last week decided to withdraw from UK electrical retailing, is to expand further in the US by acquiring Remco America, a rent-to-own company, from a group of private investors for about $55m (£30.3m).

Texas-based Remco operates 64 stores in Houston, Dallas, Chicago and North Carolina and achieved turnover of $69m in the year to September 30 1991.

Remco's profits were not disclosed, but Thorn said the record was good.

Thorn's Rent-A-Center subsidiary, acquired in 1987, claims to be the largest rent-to-own company in the US, with about 20 per cent of the market.

Remco will retain its existing management, but its operations will be incorporated with those of RAC or of Thorn International Rentals, a small US chain set up in an attempt to create a second trading brand.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Black (Peter) ....int	0.77	Apr 30	0.77	-	2.84
CRT ....int	0.575	Mar 27	0.5	-	2‡
Drayton Far East ....fin	0.5	Mar 31	0.475	0.625	0.6
Menzies (John) ....int	3.6	Apr 2	3.4	-	9.4
Ramsden's (H) § ....fin	3.5	Apr 13	3.5	4.5	4.5
Seacon § ....fin	2.7	Apr 3	2.3	4.2	3.5
Securiguard ....fin	5.3†	Apr 8	4.8	8.5	8

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For 16 months.

Coffee prices tumble as pact hopes evaporate

By David Blackwell

COFFEE PRICES continued to fall in both London and New York yesterday as any hopes of progress at this week's International Coffee Organisation talks disappeared.

Last week's news that the Colombians were not sending a delegation to London from Bogota left New York's arabicas market sharply down on Friday. The Colombians have been angered by the failure of Brazil, the world's biggest coffee producer, to come up with a coherent policy on coffee in spite of months of consultation.

The London May robusta contract closed last night at $887 a tonne, down $23 on the day, while in late trading the New York May arabica contract was down more than 2 cents at 73.30 cents a lb.

Mr Nestor Osorio, Colombia's ICO representative in London, said yesterday that his country's commitment and interest in moving towards an international coffee agreement with economic clauses had not changed. The only way forward was to agree a method of controlling supplies, he said.

However, there appeared to be no sense of urgency among other producers after two and a half years of depressed prices since the organisation's export quota system collapsed.

Tomorrow the ICO working party is due to meet. Its mandate is to explore ideas for a renewed coffee agreement, and present its findings to the full ICO council in April.

Consumers are not expecting any progress in this week's talks, and most analysts agree. But some delegates do not feel this week's meeting is necessarily the last before April, and that more talks are likely at the end of March, by which stage, Brazil is likely to have a clearer idea of its own internal and external policy.

Mr Lawrence Eagles, analyst with GNI, the London futures broker, does not rule out the possibility of real progress being made this week. He believes there is a chance the market will be surprised and that progress can be made towards a revitalised quota scheme, pointing out that Brazil has not said it is against quotas. He also believes the US to be very much in favour of a new pact.

Another analyst pointed out baldly: "If the market at this level can't persuade them to be just a teeny bit constructive, what will?"

Russian farmers seek more support from government

By Leyla Boulton in Moscow

RUSSIA'S FLEDGLING class of private farmers, experimenting with western style lobbying, yesterday hit out against an unpopular 28 per cent value added tax and demanded more support from the government.

But a random survey of delegates at a National Farmers Congress in Moscow suggested that most were optimistic about the future despite the additional hardship brought on by a first month of market reforms. President Boris Yeltsin's move to a market economy is partly predicated on the successive attempts – begun more than a year ago but now being accelerated – to boost agricultural supply through the growth of private farming.

Last month the government decreed an end to subsidies for loss-making farms in the state sector.

Cheap credit was high on the list of demands as speaker after speaker demanded a lowering of interest rates, or special banks to finance farmers. Mr Viktor Paskinov of the Tambov region even suggested that farmers should be included in government committees handling foreign credits so that they would get the bulk of the money.

Mrs Galina Khnichkova, 32, a former hospital worker, acquired 10 hectares of land with her husband, who learned farming as a boy on a collective farm. Having acquired equipment relatively cheaply – before the liberalisation of prices last month – her main complaint was a leap in interest rates to 11 per cent (on a bank loan of Rbs50,000) and local authority slowness in granting her another 15 ha.

"All young people should have land, work on it, and stop expecting the government to look after them. If they do, they will look at life differently," Mrs Khnichkova said in an interview during a break. Until the family fur and bee-keeping business gets off the ground, as she expects it do to in a year or so, she and her husband are living on savings.

Mr Sergei Boyakov, 41, has already achieved success, admitting he now considers himself "a rich man". His cattle farm occupies 238 hectares in the Penza region and he has just paid Rbs6m for equipment to set up a sausage making plant to process his own meat direct. His friend, Valery, has a much smaller farm, producing both meat and dairy products.

Asked how he explained widespread milk shortages in Russia, he said he for one had no means of transporting milk 238 km (148 miles) to the nearest town. Nor did he have any incentive to sell milk to a neighbouring collective farm which had refrigeration facilities because "they pay me only half of what they get for milk from the state". His solution was to turn all his milk into butter. He also planned to buy up a privatised cafe in town, where he would sell dumplings made with his own meat.

"The most important thing is that the state should not bother us. All we need is land and freedom," he explained.

But six decades after private farmers were wiped out by collectivisation under Stalin, many speakers, *conscious of* their new political importance, demanded direct political power. "All of you have come here with problems," a delegate from the Orel region told the congress, sponsored by Russia's association of farms and agricultural co-operatives. "But these problems will remain as long as we do not seize power for ourselves at local level." He echoed complaints by many farmers that the local authorities that controlled distribution of land and equipment were resisting a switch to private agriculture.

A farmer from the autonomous republic of Kabardin-Balkaria complained that the latter's declaration of sovereignty gave it an excuse to shun Russian legislation on land reform.

Calling for tough action from Moscow to enforce the law everywhere in the Russian Federation, he promised the government that in "two or three years time you won't need to take on debts to import food".

Bond scheme suggested to break CAP reform deadlock

By David Dodwell, World Trade Editor

THE DEADLOCK over reform of Europe's crippling farm subsidy policies could be broken by offering farmers one-time payments in the form of marketable bonds, one of Europe's leading farm economists argues in a report to be published this week.

In a stinging assault on the present common agriculture policy, Mr Stefan Tangermann, at the Institute of Agricultural Economics in Germany's Göttingen university, praises the MacSharry plan for CAP reform, which aims to decouple income support for farmers from price support for farm output. But he complains: "It is a pity it stops a couple of steps short of reaching its own targets".

Mr Tangermann says the present CAP has failed "in nearly all respects": in its primary aim of raising farmers' incomes; by plunging governments around the world into a "nonsensical" spiral of agricultural protectionism; and by aggravating environmental problems by encouraging excessive use of chemical fertilisers and pesticides.

"The aim of CAP reform should not so much be to reduce surplus production and public spending in EC agriculture, but to make Europe's farming industry more economically efficient and internationally competitive."

The critical flaw in the MacSharry plan is its proposal for compensation payments, Mr Tangermann argues. By basing compensation on each year's farm output, the plan both locks the EC into constant monitoring of production, and forces farmers to keep output up to qualify for compensation. It is also in direct conflict with the General Agreement on Tariffs and Trade's Uruguay Round trade reform plans, in which negotiators insist that such an arrangement would distort trade.

Instead, Mr Tangermann argues that compensation should be based on historical rather than current production; a limit should be set on the duration of payments – he suggests 15 years; and the volume of payments should be predetermined over the whole payment period.

"Improvements of this type would eliminate production incentives, allow the avoidance of set-aside, make it possible to turn payments into bonds which can be sold on the capital market, improve chances for structural adjustment in EC agriculture, enhance farmers' confidence in compensation, greatly reduce administrative costs, and make CAP reform more consistent with international efforts to achieve a multilateral liberalisation of agriculture trade," he says.

He is also emphatic that policymakers should be clear that they are compensating farmers rather than farms, and need to resist the politically expedient temptation to use environmental funds as "sweeteners" to farmers: "Such payments are likely to miss both their economic and their ecological target," he says.

Reforming the CAP, by Mr Stefan Tangermann, is published on Thursday by the Institute of Economic Affairs, 2 Lord North St., London SW1P 3LA.

Inco estimates Soviet nickel exports in 1991

INCO, THE Canadian group, estimates that the Commonwealth of Independent States (the former Soviet Union) exported about 245m lb of nickel to the western world last year, up from 175m lb in 1991. However, Mr Michael Sopko, chairman designate, suggests that Russia's ability to export will be reduced this year because its nickel output will slip from an estimated 660m lb in 1991, Reuter reports from Toronto.

Mr Sopko says that he expects the western world market balance to remain more or less unchanged from the 1991 situation, when demand was about 1.52m lb and supply 1.56m lb. "We're producing all we can, selling all we can produce. The only problem is lousy prices."

He sees no need for more production cuts by Inco but the group is reducing capital spending by 40 per cent to C$280m (£135m) this year from earlier estimates of $350m and $440m spent in 1991. Among other things, Inco intends to defer development of its McCreedy East nickel mine in Ontario.

Too much hot air being talked over nitrogen threat

It is clear that most of the fear of nitrate levels present in public water supplies is based on emotion rather than science

FARMER'S VIEWPOINT

By David Richardson

ABOUT 1.6m tonnes of nitrate fertiliser is applied to UK farm crops each year. Research has shown that were this artificial fertiliser not used, yields of some of those crops would be halved. Such is the influence of nitrogen on production and therefore on profits and, somewhat predictably, applications of nitrates to farmland have increased significantly over the last 50 or so years since economic methods to produce them were perfected.

However it has also been established that between 10 per cent and 60 per cent of this fertiliser may not be taken up by the crops on which it is spread, implying a possible wastage and more seriously, leakage, of nitrate through the soil into water supplies. It is this so-called leaching that exercises the environmental groups that allege that higher levels of nitrates in water supplies are leading to dangers to health and degradation of the environment.

But is the situation as serious as they suggest and is agriculture entirely to blame? As the preface to a new book on the subject, Farming, Fertilisers and the Nitrate Problem, points out there is no conclusive proof for any of the allegations.

Indeed there is an old and well worn correlation the authors say, between the number of bottles of whisky sold around the turn of the century and the number of clergymen in England and Wales at the same time. But that does not prove that the men of the cloth were drunkards. A far more likely explanation, they suggest, is that the distilleries expanded to serve the needs of a growing population, as did the church.

In other words the growth in population and industry, with their wastes and sewage, are partly responsible for the undoubted increase in nitrate content in our water. And while agriculture must accept its share of the blame it has by the use of nitrates over a 50 year period increased UK self-sufficiency for food from 30 per cent to 70 per cent while the population has itself increased from 35m to 55m.

Some might say that a marginal increase in nitrates in British water supplies is a small price to pay for such a desirable economic achievement. Others would argue, of course, that if it meant endangering the lives of British citizens, including unborn babies, it was too high a price.

But are these real dangers or are they imagined?

It is widely perceived that high nitrates in water cause stomach cancer and blue babies and there seems little doubt that very high levels, accompanied by bacteriological contamination, may cause such problems.

As is reported in Farming, Fertilisers and the Nitrate Problem, however, the last documented death of a blue baby in the UK was in 1950, when microbial infection, probably resulting from the use of excreta-contaminated well water, caused the chemical suffocation of a baby. The last blue baby case in Britain was in 1972 and fortunately that baby survived. There have been no known cases associated with public water supplies.

The emotive association of water-borne nitrate with cancer is equally difficult to substantiate. Moreover a well-documented study conducted between 1969 and 1973, comparing the incidence of stomach cancer in so-called high risk areas, the public water supply had high nitrate levels, others where it was low, revealed that there were less stomach cancers in the high nitrate areas.

It is clear therefore that most of the fear of nitrates levels currently present in public water supplies is based on emotion rather than science. Nevertheless, the UK government agreed to a European Community directive more than a decade ago committing itself to ensuring that all water supplies in this country would contain less than 50 parts per million of nitrates by 1985, compared with the 100 ppm standard it previously imposed.

It failed to do so and when EC inspectors discovered last year that some UK water supplies still had higher levels of nitrate (between 50 and 100 ppm – the World Health Organisation still says that up to 100 ppm is quite safe) they decide to condemn Britain for failing to comply with the directive, causing the government embarrassment and Friends of the Earth and other environment groups much satisfaction.

In an attempt to respond to EC pressure, in 1990 the Ministry of Agriculture identified some of the areas where nitrate leaching from farmland appeared to be most significant and designated a series of 10 small "nitrate sensitive areas". These, it said, were to test agronomic systems which might reduce the leaching. Participation by farmers in limiting fertiliser applications and modifying techniques is voluntary and compensation for loss of income averaging about £75 per hectare per year is paid by the government.

Meanwhile the EC has moved on. It has now issued a new nitrate directive that requires all member states to identify, by December 1993, "vulnerable zones" – all areas where there is a possibility that farming may contribute to what it describes as a deterioration of water quality – and to impose restrictions on farming in those areas over the course of the next six years.

The areas concerned represent much of the most productive land in the country. It has in fact been estimated that up to 2m hectares (5m acres) of UK land might be affected. That equates approximately to 5 counties the size of Norfolk and the farmers in those areas, most of which would be in East Anglia, would be required to comply with similar yield-inhibiting regulations to those in the experimental nitrates sensitive areas.

Up to now there has been no mention of compensation to farmers for loss of income. Indeed the cost to taxpayers, if it came anywhere near to covering the loss, would be so massive as to make it prohibitive.

It seems to UK farmers therefore that once again they may be penalised by the bureaucratic bulldozer that is Brussels for reasons of politics and the reduction of surpluses rather than because of any real dangers their use of fertilisers may pose. Statistics prove that for economic and environmental reasons UK farmers have, in any case, reduced their use of artificial nitrogen over the last 5 years.

Furthermore they find it somewhat ironic that the same EC that seeks to cut the leakage of nitrates into water supplies advocates the expansion of organic farming. For any soil scientist will tell you that organic nitrogen is the leakiest of all.

Farming, Fertilisers and the Nitrate Problem, by T.M. Addiscott, A.P. Whitmore and D.S. Powlson. Published by CAB International.

WORLD COMMODITIES PRICES

MARKET REPORT

Nickel moved ahead on the LME after news that a compromise had been reached in the German steel industry dispute, prompting some short covering. The strike that *appeared inevitable after Friday's* ballot in favour of a stoppage appears to have been averted. Continued speculation on Russian smelter closures was also supportive, dealers said. Three-month tin held just above support at $5,500 a tonne on persistent short covering. The closure of the Kuala Lumpur market until Thursday for the lunar New Year holiday could dampen sentiment, dealers said. London cocoa prices closed lower, although off the day's lows. Dealers said fund-selling appeared to be partly responsible for an early tumble, but there were signs of industry buying around the lows, with support for near May *pegged around £730 a tonne.* "People are anticipating the Ivory coast will come back into the market as a seller with the new crop, and the arrivals of the current crop have remained higher than expected," said one dealer. "The charts are turning bearish again." In Chicago wheat prices were up at midsession on fund and commission house buying. Trade talk that India requested 500,000 tonnes of old-crop EEP wheat provided initial support.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.20-5.30q	
Brent Blend (dated)	$18.30-8.40	+.05
Brent Blend (Mar)	$18.15-8.20	+.05
W.T.I. (1 pm est)	$18.85-8.95	+.020
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$200-202	
Gas Oil	$176-177	+2
Heavy Fuel Oil	$65-66	
Naphtha	$183-185	+1
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$356.70	+1.30
Silver (per troy oz)♣	417.0c	+1.0
Platinum (per troy oz)	$357.9	[illegible]
Palladium (per troy oz)	$87.50	+1.0
Copper (US Producer)	102.46c	-0.36
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.81r	
Tin (New York)	254.25c	-1.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.41p	
Sheep (live weight)†♣	104.14p	
Pigs (live weight)†	96.28p	
London daily sugar (raw)	$200.0y	-4.6
London daily sugar (white)	$263.5y	-3.5
Tate and Lyle export price	£218.5	-8.5
Barley (English feed)	[illegible]	
Maize (US No. 3 yellow)	£147z	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	50.25p	
Rubber (Apr)♥	50.50p	
Rubber (KL RSS No 1 Feb)	214.5m	
Coconut oil (Philippines)§	$745.0y	[illegible]
Palm Oil (Malaysian)§	$382.5q	
Copra (Philippines)§	$490y	
Soyabeans (US)	£148.0	+1.5
Cotton "A" index	c	
Wooltops (64s Super)	411p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Mar	177.00	179.20	178.80	177.00
May	177.00	179.20	179.00	177.00
Aug	180.40	182.00	182.20	180.00
Oct	181.40	180.00	182.40	181.20
Dec	181.00		180.40	
Mar	179.00		177.40	
White	Close	Previous	High/Low	
Mar	260.0	261.5	261.0	259.5
May	262.9	268.0	265.9	262.1
Aug	266.8	269.4	268.5	266.5
Oct	255.8	258.0	258.0	255.3
Dec	257.3	258.5	257.8	257.3
Mar	258.3		[illegible]	[illegible]

Turnover: Raw 1218 (1002) lots of 50 tonnes. White 1724 (2465). Paris- White (FFr per tonne): Mar 1429.14, May 1462.58

CRUDE OIL – IPE ($/barrel)				
	Latest	Previous	High/Low	
Mar	18.16	18.15	18.23	18.12
Apr	18.05	18.04	18.11	17.99
May	17.98	17.96	18.04	17.95
Jun	17.97	17.90	17.96	17.92
Jul	17.96	17.85	17.96	17.90
Aug	[illegible]		17.96	
Oct	17.90	18.10	17.92	17.90
IPE Index	18.14	18.10		

Turnover 13987 (16526)

GAS OIL – IPE ($/tonne)			
	Close	Previous	High/Low
Feb	172.25	172.25	173.50
Mar	169.50	169.00	170.50
Apr	166.00	165.50	167.25
May	164.00	164.50	165.50
Jun	165.00	165.50	166.00
Jul	166.50	167.50	168.00
Aug	168.50	170.00	170.50
Sep	170.50	172.00	171.00
Oct	[illegible]	174.00	173.75

Turnover 9415 (11410) lots of 100 tonnes

TEA

There were 20,781 packages for the day reports the Tea Brokers' Association. Landed assams received slightly more enquiry but at lower prices and there were again some withdrawals. Brighter east africans sold quite readily at firm to dearer rates with dusts often considerably higher. Mediums were irregular but little changed on balance. Ceylons were well supported and often advanced. Offshore only fair demand with east africans barely steady, central africans irregular and generally several pence easier where sold. The highest price realised this week was 185p for a rwanda pf.1.

COCOA – London FOX (£/tonne)				
	Close	Previous	High/Low	
Mar	710	727	715	708
May	739	756	746	735
Jul	766	781	770	761
Sep	787	800	793	782
Dec	816	835	824	813
Mar	840	865	855	847
Jul	886		890	886
Sep	902		901	899
Dec	926		927	924

Turnover: 8274 (2969) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Jan.31 910.27 (906.82) 10 day average for Feb.3 909.79 (911.97)

COFFEE – London FOX ($/tonne)				
	Close	Previous	High/Low	
Mar	872	902	890	870
May	887	905	892	882
Jul	902	926	910	900
Sep	924	950	930	925
Nov	944	960	950	945

Turnover 4477 (3257) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Jan. 31: Comp. daily 59.98 (59.15) 15 day average 60.66 (61.03). Sterling close: January [illegible], March [illegible]

POTATOES – London FOX (£/tonne)				
	Close	Previous	High/Low	
Apr	121.5	119.5	121.0	120.5
May	140.0	137.5	140.0	136.5

Turnover 121 (82) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)			
	Close	Previous	High/Low
Feb	129.00		129.00
Apr	129.00	130.00	129.00
Jun	123.00		123.00

Turnover 159 (30) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)				
	Close	Previous	High/Low	
Feb	1423	1440	1425	1405
Mar	1470	1490	1475	1460
Apr	1465	1503	1465	1460
BFI	1421	1480	1421	1421

Turnover 225 (326)

GRAINS – London FOX (£/tonne)				
Wheat	Close	Previous	High/Low	
Mar	126.45	127.20	126.90	126.50
May	129.85	130.60	130.40	130.00
Jul	131.60	132.30	132.10	131.70
Nov	118.20		118.60	118.40
Jan	119.00		119.20	
Barley	Close	Previous	High/Low	
Mar	118.65	122.15	118.75	

Turnover: Wheat 232 (57), Barley 4 (8). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg				
	Close	Previous	High/Low	
Feb	123.0	122.2	122.5	
Mar	120.5	120.0	120.0	
Apr	117.0	117.2	117.0	
May	116.0	116.0	115.5	
Jun	113.5	113.5	113.5	113.0
Jul	108.5	106.0	108.0	107.5

Turnover: 32 (187) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 23,271 lots
Cash	1220-1	1121-2	1222/1220.5	1220-1		
3 months	1245-7	1246-7	1253/1239	1245-7	1241-42	137,369 lots
Copper, Grade A (£ per tonne)						Total daily turnover 49,095 lots
Cash	1206-6.5	1220-1	1208/1206	1206-6.5		
3 months	1235.5-6	1244-4.5	1240/1231	1235.5-6	1230-31	119,113 lots
Lead (£ per tonne)						Total daily turnover 2,148 lots
Cash	293.25-3.5	293-4		293.25-3.5		
3 months	294.75-5	294-5	294.5/293.5	294.75-95	293.5/94	17,009 lots
Nickel ($ per tonne)						Total daily turnover 4,065 lots
Cash	7715-18	7660-70	7720/7710	7715-18		
3 months	7790-5	7735-40	7805/7750	7790-95	7790-95	28,017 lots
Tin ($ per tonne)						Total daily turnover 1,228 lots
Cash	5490-5	5480-5	5495	5490-95		
3 months	5555-60	5535-7	5570/5550	5555-60	5550-55	5,001 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,392 lots
Cash	1157.5-8	1155-60	1158.5/1158	1157.5-8		
3 months	1139-40	1145.5-6.5	1145/1140	1139-40	1143/45	44,169 lots

LME Closing £/$ rate: SPOT: 1.8000 3 months: 1.7822 6 months: 1.7446 9 months: [illegible]

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	358.50-359.00	
Opening	356.80-357.20	
Morning fix	357.10	199.366
Afternoon fix	358.40	198.716
Day's high	357.50-357.80	
Day's low	356.10-356.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.35	6 months	3.35
2 months	3.35	12 months	3.36
3 months	3.35		

Silver fix	p/fine oz	US cts equiv
Spot	233.30	417.75
3 months	236.45	421.75
6 months	237.81	428.00
12 months	243.30	436.00

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	356.50-357.50	198.75-199.25
Maple leaf	367.00-368.00	204.60-205.60
New Sovereign	87.00-88.00	48.60-49.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1150	105	135	5	17
1200	85	71	37	51
1250	6	31	108	110
Copper (Grade A)	**Calls**		**Puts**	
2100	111	130	3	21
2200	37	68	28	57
2300	6	29	98	117
Coffee	**Mar**		**Mar**	
450	38		1	
500	6		19	
550			68	
Cocoa	**Mar**	**May**	**Mar**	**May**
675	38		3	
700	20		10	
725	9	38	24	24
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1700	25			
1750		68		
1800	13	38		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Feb	358.7	357.0	357.8	358.3
Mar	357.4	357.5	0	0
Apr	358.4	358.9	359.8	357.8
Jun	360.6	361.0	361.8	360.0
Aug	362.7	[illegible]	363.0	362.5
Oct	364.7	[illegible]	364.3	364.3
Dec	366.9	367.8	368.0	366.0
Feb	369.2	369.9	0	0
Apr	368.4	369.9	369.8	367.8

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	356.9	357.5	359.4	356.0
Jul	358.1	358.0	359.0	355.5
Oct	357.5	357.0	357.0	356.0
Jan	358.3	[illegible]	358.5	357.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Feb	415.8	416.7	415.5	415.5
Mar	417.0	418.0	420.0	415.0
Apr	418.5	419.5	0	0
May	420.1	421.1	423.5	419.0
Jul	423.3	424.3	426.5	422.0
Sep	426.7	427.7	0	0
Dec	432.3	433.3	435.5	431.5
Jan	434.2	435.2	0	0
Mar	438.3	439.3	0	0
May	442.8	443.8	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	97.15	98.15	97.60	97.15
Mar	97.60	98.60	98.30	97.55
Apr	97.55	98.45	97.60	97.60
May	97.50	98.35	98.10	97.40
Jun	97.45	98.30	0	0
Jul	97.45	98.25	98.00	97.30
Aug	97.55	98.35	0	0
Sep	97.60	98.40	97.90	97.90
Oct	97.60	98.40	0	0
Nov	97.70	98.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Mar	18.90	18.90	19.02	18.87
Apr	19.09	19.08	19.17	19.05
Jul	19.21	19.18	19.27	19.20
Sep	19.22	19.18	19.22	19.22
Oct	19.23	19.18	19.20	19.20
Nov	19.26	19.18	19.27	19.19
Dec	19.28	19.17	19.28	19.18

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Mar	5340	5361	5390	5325
Apr	5305	5343	5345	5293
May	5260	5290	5310	5260
Jul	5250	5269	5260	5250
Sep	5445	5464	5465	[illegible]
Oct	5545	5565	5580	5550
Nov	5650	5669	5675	5650
Dec	5745	5769	5780	5750

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1143	1177	1175	1142
May	1182	1215	1210	1179
Jul	1218	1251	1247	1215
Sep	1250	1281	1277	1250
Dec	1286	1315	1312	1290
Mar	1316	1347	1321	1321
May	1341	[illegible]	0	0
Jul	1361	[illegible]	1380	1379
Sep	1401	1418	1417	1413
Dec	1431	[illegible]	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	70.50	72.15	72.70	69.90
May	73.50	75.35	75.20	72.90
Jul	76.10	78.20	78.00	75.60
Sep	78.95	81.05	80.75	78.75
Dec	82.75	84.85	84.25	82.40
Mar	85.80	86.85	87.00	85.50
May	89.00	90.90	89.75	89.00
Jul	90.50	0	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.00	8.18	8.14	7.99
May	8.03	8.16	8.17	8.03
Jul	8.13	8.22	8.24	8.12
Oct	8.20	8.27	8.30	8.20
Mar	8.32	8.34	8.32	8.30
May	8.36	8.30	8.34	8.34

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	53.23	56.46	53.48	52.65
May	55.10	56.97	55.40	54.65
Jul	56.65	59.73	56.70	56.15
Oct	59.40	61.25	59.40	58.95
Dec	60.20	61.95	60.20	59.71
Mar	61.55	62.50	0	0
May	62.20	61.95	0	0
Jul	62.80	62.50	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	143.50	143.50	143.75	142.35
May	143.45	143.40	143.50	142.85

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Feb.3	Jan.31	mnth ago	yr ago
	1577.8	1591.6	1584.3	1652.7
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan.31	Jan.30	mnth ago	yr ago
Spot	117.36	115.60	115.86	121.08
Futures	122.73	122.76	[illegible]	125.18

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	577/4	572/0	581/4	569/0
May	583/2	577/4	587/4	573/6
Jul	591/0	585/6	595/4	581/4
Aug	594/4	588/6	599/4	586/0
Sep	597/0	591/0	598/0	588/0
Nov	604/6	598/2	609/0	595/0
Jan	612/2	607/0	614/0	606/0
Mar	621/4	617/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	19.23	19.20	19.36	18.98
May	19.52	19.51	19.65	19.29
Jul	19.82	19.79	19.94	19.56
Aug	19.98	19.95	20.10	19.77
Sep	20.10	20.06	20.20	19.93
Oct	20.22	20.16	20.28	20.20
Dec	20.52	20.49	20.60	20.33
Jan	20.56	20.50	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	177.2	175.8	178.7	173.7
May	178.2	176.8	179.7	176.2
Jul	180.1	178.9	181.5	176.8
Aug	181.0	179.6	181.8	177.5
Sep	181.8	180.1	182.5	177.5
Oct	184.9	193.0	185.6	183.5
Dec	197.0	195.0	197.0	194.0
Mar	200.5	199.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	267/6	264/2	268/0	262/6
May	274/0	270/2	274/6	268/6
Jul	278/6	274/6	279/0	273/2
Sep	274/0	270/4	274/4	269/4
Dec	269/2	267/2	270/2	266/2
Mar	275/4	273/0	275/6	272/4
May	280/0	277/4	280/0	277/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	448/0	440/2	448/4	436/0
May	430/2	421/4	431/0	419/4
Jul	395/6	387/6	396/0	386/0
Sep	398/0	390/0	398/2	390/6
Dec	406/0	398/2	408/0	397/0
Mar	406/2	401/0	405/4	399/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	78.85	78.67	78.95	78.42
Apr	77.07	77.15	77.12	76.67
Jun	72.12	72.45	72.22	71.85
Aug	68.57	68.95	68.75	68.45
Oct	69.07	69.52	69.15	68.80
Dec	69.80	70.30	69.80	69.60
Feb	69.55	69.95	69.65	69.60

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	41.12	41.12	41.25	40.62
Apr	40.20	40.02	40.25	39.75
Jun	44.20	[illegible]	44.25	43.80
Jul	44.52	44.42	44.55	44.20
Aug	43.35	43.35	43.40	43.20
Oct	40.82	[illegible]	40.85	40.25
Dec	43.70	43.45	43.75	43.35
Feb	44.60	44.57	44.60	44.60

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	33.30	33.62	34.10	32.85
Mar	34.05	34.42	34.85	33.60
May	35.42	35.55	35.85	35.02
Jul	36.37	36.55	36.90	36.10
Aug	36.27	35.42	36.00	35.25

LONDON STOCK EXCHANGE

Light profit-taking hits share prices

By Terry Byland, UK Stock Market Editor

NEW uncertainties on the political and economic fronts discouraged UK equity investors yesterday and share prices gave ground in sluggish trading. However, there was no shortage of corporate features to enliven the market.

Profit-taking was encouraged by nervousness over the UK political outlook and by doubts on the near term prospects for Wall Street. Last weekend brought indications in the latest UK opinion polls of reviving support for the Labour party, and of increasing bitterness in the general election campaign already effectively under way.

London showed only a cautious response to the developments in the wage negotiations in the German steel industry. UK investors feared that the compromise agreement might provoke the Bundesbank to raise German interest rates, thereby snuffing out hopes of an early cut in UK base rates. However, optimism on UK rates was encouraged by another steady performance from the pound yesterday.

Stock index futures provided a lead for the underlying market but the March contract on the FT-SE Index closed well below 2,600, leaving the stock market without direction at the end of the session.

Among the privatisation issues, which have been closely linked to the opinion poll fortunes of the Conservative government, water stocks gave ground as some market analysts took a fresh look at the sector. Elsewhere in the market, share prices suffered modest profit-taking but the FT-SE Index bounced when it approached the 2,500 area at mid-session. The final reading put the FT-SE Index at 2,560.2, for a fall on the day of 11 points.

Traders pointed out that this is the final week of an equity account which has brought significant gains in shares and that the dearth of company news ahead may have encouraged investors to take their profits in case prices sag at the end of the week.

Seaq volume fell to 414.8m shares from the 668.5m recorded on Friday, when retail or customer business remained high at £1.4bn. The increase in retail business on days when the FT-SE Index has been rising tends to confirm that the institutions are willing to top up portfolios when they feel more confident about the outlook.

The concern over Wall Street proved unjustified, for the time being at least, and the Dow Industrial Average was two points ahead when London closed for the day. But UK analysts remained cautious ahead of the meeting of the Opec ministers in the middle of the month.

Among the day's features, a cloud continued to hang over the brewery sector following Friday's reports that the UK Office of Fair Trading had made an unexpected ruling regarding a planned deal between Allied-Lyons and Brent Walker. The picture was complicated by the Allied boardroom's rejection of bid speculation.

There was further demand for Reuters, the global data communications group, after the UK press reported strong recommendations for the shares from London brokerage houses, some of which claim that the group now merits an international market rating similar to that accorded the top grade pharmaceutical stocks which dominated world equity markets during the 1980s.

Account Dealing Dates		
*First Dealings:		
Jan 27	Feb 10	Feb 24
Option Declarations:		
Feb 6	Feb 20	Mar 5
Last Dealings:		
Feb 7	Feb 21	Mar 6
Account Day:		
Feb 17	Mar 2	Mar 16

*New-time dealings may take place from 8.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Feb 3	Jan 31	Jan 30	Jan 29	Jan 28	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.92	87.84	87.94	87.90	87.84	87.16	87.94 (18/9/91)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.67	100.64	100.82	100.68	99.98	97.65	100.88 (29/1/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1984.2	1996.6	1973.6	1965.8	1973.8	1906.5	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	145.0	144.3	146.1	148.9	153.3	139.2	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2560.2	2571.2	2550.8	2546.5	2552.0	2493.2	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1175.42	1179.30	1171.02	1169.32	1178.40	1137.86	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.60	4.58	4.63	4.64	4.63	4.79				
●Earning Yld %(full)	6.90	6.87	6.94	6.96	6.94	7.18				
●P/E Ratio(Net)(☆)	18.22	18.31	18.11	18.06	18.11	17.51				
SEAQ Bargns 4.45pm	31,089	32,873	29,269	27,388	27,881	32,400				
Equity Turnover(£m)†	-	1369.7	1,349.5	999.4	952.0	860.10				
Equity Bargains†	-	32,583	29,434	27,698	27,458	29,750				
Shares Traded (ml)†	-	562.5	567.4	460.1	450.3	351.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.19

Ordinary Share Index, Hourly changes — Day's High 1993.1 — Day's Low 1978.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1989.3	1992.9	1989.8	1986.7	1980.1	1980.8	1980.9	1978.6	1983.5

FT-SE 100, Hourly changes — Day's High 2568.4 — Day's Low 2552.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2563.7	2568.1	2563.3	2560.8	2553.1	2554.8	2555.4	2553.2	2559.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1178.56 — Day's Low 1172.17

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1176.80	1177.27	1177.83	1176.29	1175.25	1174.11	1172.60

GILT EDGED ACTIVITY

Indices*	Jan 31	Jan 30
Gilt Edged Bargains	79.9	74.2
5 – Day average	83.9	84.8

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	9	405	-3
ASDA Group	8,200	38½	-½
Abbey National	1,000	[illegible]	-5
Albert Fisher	896	70	
Allied-Lyons	2,900	639	-10
Amstrad	230	27	-1
Anglian Water	2,700	381	-7
Argos	1,100	281	-6
Argyll Group	4,000	311	-3½
Arjo Wiggins	133	258	-3
Ass. Brit. Foods	140	484	+5
BAA	1,500	550	-7
BAT Inds.	1,000	683	+1
BET	1,400	146	-5
[illegible]	[illegible]	[illegible]	[illegible]
British Land	703	[illegible]	-5
BP	6,300	[illegible]	-1
British Steel	5,800	73½	-2½
British Telecom	2,800	328	-1
Br Telecom New	5,500	120	-1½
Bzzl	2,000	65	
Burmah Castrol	285	514	-7
Burton	4,200	38	
Cable & Wire.	2,200	601	-4
Cadbury Schweppes	528	454	-3
Calor Group	254	201	
Carlton Comms.	196	545	-2
Coats Viyella	1,200	182	+2
Comm. Union	196	481	-3

	Volume 000's	Closing Price	Day's change
Cookson	317	113	
Courtaulds	1,400	522	-12
Dalgety	174	335	-5
De La Rue	602	829	
Dixons	1,100	235	-1
ECC Group	147	[illegible]	-5
Eastern Elect.	1,000	334	+2
East Midland Elect.	292	254	+5
Enterprise Oil	[illegible]	444	-4
Eurotunnel Units	217	460	
FKI	1,000	80	+2
Ferranti	1,900	8¼	-¼
Fisons	2,200	387	-7
[illegible]	[illegible]	[illegible]	[illegible]
Hillsdown	1,300	169	+1
IMI	73	245	-4
ICI	1,100	1276	+1
Inchcape	1,300	[illegible]	-6
Kingfisher	474	[illegible]	+4
Ladbroke	2,900	210	-4
Land Securities	530	[illegible]	-3
Laporte	357	612	
Legal & General	198	[illegible]	-6
Lloyds Abbey	201	[illegible]	-1
Lloyds Bank	1,000	400	
LASMO	1,700	248	-1
London Elect.	779	289	
Lonrho	2,400	120	-3

	Volume 000's	Closing Price	Day's change
Lucas	4,100	115	-1
MB Caradon	477	[illegible]	
MEPC	734	377	-7
Manweb	42	321	
Marks & Spencer	696	297	-1
Midland Bank	1,600	[illegible]	+4
Midlands Elect.	778	270	-3
NFC	482	240	-1
NatWest Bank	5,300	387	-3
National Power	5,200	232	+5
Next	836	71	
North West Water	1,000	365	
Northern Elect.	374	[illegible]	-7
[illegible]	[illegible]	[illegible]	[illegible]
Reuters	1,400	1139	+11
Rolls Royce	3,200	144	-½
Rothmans	264	1080	+14
Ryl Bk Scotland	4,800	161	-5
Royal Insurance	2,100	[illegible]	-1
Saatchi	3,700	14	-½
Sainsbury	1,800	381	-1
Scottish & New	410	[illegible]	+2
Scot. Hydro-Elect.	2,900	108½	+1½
Scottish Power	2,400	104	+1
Sears	3,300	95	+1
Sedgwick	1,000	218	-2
Seeboard	220	267	-4
Severn Trent Water	1,200	335	-9

	Volume 000's	Closing Price	Day's change
Shell Transport	3,400	477	+½
Siebe	1,800	563	-16
Slough Ests	65	[illegible]	-3
Smith (W.H.) A	[illegible]	467	+2
[illegible]	630	148½	
SmithKline Beecham	1,800	943	-5
Smkl Beecham Uts	101	4350	
Smiths Inds.	219	[illegible]	+1
Southern Elect.	710	[illegible]	+5
South Wales Elect.	66	[illegible]	
South West Water	[illegible]	[illegible]	-4
South West. Elect.	[illegible]	274	-1
Southern Water	[illegible]	[illegible]	-5
[illegible]	[illegible]	[illegible]	[illegible]
Unilever	[illegible]	925	-5
United Biscuits	1,000	405	-2
Utd. Newspapers	435	[illegible]	-7
Vodafone	4,200	334	-6
Warburg (SG)	478	671	+6
Wellcome	1,400	1173	+24
Welsh Water	270	[illegible]	+1
Wessex Water	940	412	+12
Whitbread 'A'	270	464	+2
Williams Hldgs.	786	322	+1
Willis Corroon	245	247	-5
Wimpey	56	111	
Yorkshire Elect.	381	313	-1
Yorkshire Water	271	379	-1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

Water stocks active

NEWS THAT the world's biggest waste management group plans a $500m listing in New York and London lifted Wessex Water, whose joint venture group with Waste Management International will form part of the flotation. The planned listing incorporates all the non-North American business of the parent company.

Dr Angela Whelan at BZW said the US waste management market was several years ahead of Europe in terms of environmental legislation and commercial development. "The move for a listing sends a very strong signal that Waste Management sees considerable growth in the European market," she said. Wessex gained 12 to 412p.

Elsewhere, sentiment turned against the water utilities, as traders and analysts considered the sector's recent surge – it outperformed the Footsie by 6 per cent in January – overdone. County NatWest changed from a buy to a hold on the sector, analyst Mr Robert Miller arguing that "the upside is limited until the election outcome is clearer." However, he is moving to a sell on Thames Water, believing its recent outperformance to have gone too far. Thames lost 3 to 368p.

Courtaulds hit

Chemicals and fibres group Courtaulds fell sharply after one UK agency broker expressed caution on the outlook, other City analysts cut profit forecasts and the shares were hit by profit-taking following a two-day presentation by the company at the Gleneagles hotel in Scotland.

James Capel remained convinced that the stock was expensive relative to others in the sector and reiterated to clients its "weak hold" stance, first published in September. At that time, Capels also featured BOC and Mr David Ingles of the house chemicals team said yesterday: "We think they are both good companies but Courtaulds is a little expensive while BOC is a little cheap." BOC, helped by a stock squeeze ahead of first quarter results on February 13, rose 10 to 648p.

A number of securities houses marked their return from Scotland by shaving profit forecasts after Courtaulds had signalled that profits for the year to March 1992 would be no higher than £200m. For instance, Hoare Govett came back by £5m to £200m despite being a buyer of the stock. Finally, there was profit-taking following a 22p rise in the stock over the past fortnight. The shares fell 12 to 522p.

The FT's London Share Service now carries Investment Trust share prices in two separate categories. Those companies designated as investment trusts by the UK Inland Revenue under rule 842 of the Income and Corporation Tax Act 1988 – all those shown under the Investment Trusts heading in the past – will be listed as Investment Trusts-Authorised.

A second category, Investment Trusts-Unauthorised, will contain 56 companies until now listed under the Other Financials heading. Initially, daily net asset values estimated by County NatWest WoodMac will be shown for seven of these companies. In time, it is hoped to provide net asset values for all this category.

Granada upset

The resignation of Mr David Plowright, executive chairman of Granada TV, caused consternation but no instant consensus in the market over the implications for the performance of parent Granada Group. Although the market had been alerted to boardroom unrest for several weeks, the resignation came as a shock, particularly as Mr Plowright was due to retire at the end of the year.

One leading analyst criticised chief executive Mr Gerry Robinson for "rocking the boat". Large shareholders also expressed unease at the upheaval. However, others in the market believed the move strengthens Mr Robinson's hand in tackling Granada's financial problems. The shares eased a penny to 223p.

Allied-Lyons fell 10 to 639p following a report that the Office of Fair Trading would still count as tied 734 pubs which the brewer plans to lease to Brent Walker.

The report resulted in Warburg Securities cutting its estimate of Allied's profits this year by £20m to £630m and next year by £33m to £700m.

Berisford International was one of the most actively-traded stocks yesterday after the new chief executive, Mr Alan Bowkett, bought £1m worth of stock. The shares gained gained 2 to 36p on turnover of 11m.

Tightly-traded Wellcome jumped 24 to 1173p after announcing that interim analysis of a Wellcome study supports the use of its Aids treatment Retrovir at an earlier stage of human immunodeficiency virus (HIV) infection. Over a two-year period Retrovir can halve the likelihood of disease progression for people infected with HIV but who are still healthy, according to newly available data, the firm said.

Profit-taking left Thorn-EMI 15 off at 826p. The shares had risen on Friday after the group announced plans to rationalise its electrical retailing operations. Yesterday's fall was stemmed by news of Thorn's £31m purchase of a US rent-to-own group, a move which will strengthen its hold in the sector.

Speculation that Monument Oil & Gas might bid for Premier Consolidated lifted the latter 2¼ to 30p and left the former slightly easier at 36p.

Fisons fell 7 to 387p after securities houses advised profit-taking as bid rumours dimmed. Last week persistent speculation suggested that Hanson (off 4 at 205p) might bid for Fisons or make a joint offer with Medeva (off 2 at 274p).

Buying ahead of the figures on February 12 continued in Reuters and pushed the shares up by 11 to 1139p.

A cut in profit forecasts by one US securities house hung over Royal Bank of Scotland, which lost 5 to 161p. The house reduced its estimate for the year to March 1992 by £35m to £140m and for the forthcoming year by £90m to £200m. The cuts reflect lack of profits in the bank's English operations and do not take into account bad debts, expected to be around £295m. The house also adopted a more bearish stance on the shares.

Profit-taking took the wind from Rank Organisation's sails, the shares losing 6 to 865p. There was also talk of brokers switching to Ladbroke, with the feeling that the shares represent good value in the lead-up to the leisure group's results in April, and with the possibility of an increased dividend. Yesterday UBS moved its stance on Ladbroke to a buy. The shares lost 4 to 210p.

Leading property shares fell on fears that the possibility of an interest rate cut was fading. British Land lost 5 to 268p, Hammerson 'A' fell 9 to 496p, while MEPC slipped 7 to 377p.

National Power and PowerGen were each squeezed 5 higher on a shortage of stock. PowerGen closed at 243p and National Power ended at 232p.

Acquisitive conglomerate Tomkins jumped 9 to 441p after UBS Phillips and Drew reiterated its positive recommendation on the stock. Mr Jack Jones at the securities house said the company had "a strong balance sheet and cash flow and is well placed for further acquisitions."

Worries over the dividend continued to overhang BET, down another 5 to 146p.

Profit-taking and a forecast cut from S.G. Warburg hit Siebe. The shares lost 16 to 563p after the broker was reported to have reduced current-year estimate by £15m to £150m. The following year's figure was cut by £20m to £180m and Warburg cited weakness in the US economy where Siebe derives over 40 per cent of its sales. Turnover reached 1.8m.

TI Group continued weak after a negative report from brokers Williams de Broë on the company's accounting practices. The shares gave up another 17 to 580p.

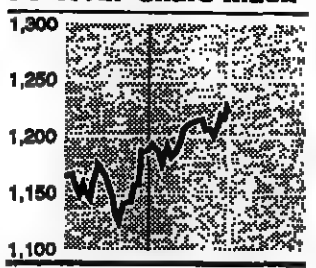
James Wilkes added 5 to 182p after Petrocon Group announced a £36.6m bid for the company. Petrocon closed unchanged at 46p.

Securiguard jumped 17 to 136p after reporting a 30 per cent improvement in profits.

MARKET REPORTERS:
Peter John, Joel Kibazo, Colin Millham, Christopher Price.

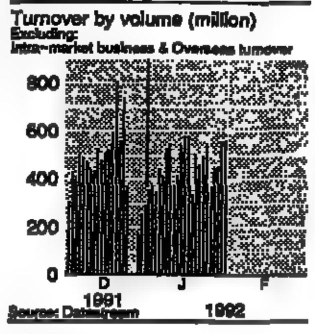
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (67).
BRITISH FUNDS (2) Treas. 11½pc '01-04, Tr. 8¾pc 2002 C, OTHER FIXED INTEREST (4) Asian Dev. 10¼pc 2009, Hydro Quebec 15pc 2011, Int-Amer. Dev. 12½pc 2003, Do. 9¼pc 2015, AMERICANS (1) Lowe's, BANKS (2) ABN Amro, HSBC, BREWERS & DISTILLERS (1) Mansfield, BUSINESS SERVICES (6) Adam & Harvey, Capita, Johnson Cleaners, RCO, Serco, Sherwood Computer, CHEMICALS (2) Cambridge Isotope Labs., Hickson, CONTRACTING & CONSTRUCTION (1) Boot (H), ELECTRICALS (1) Merivale-Swain, ELECTRONICS (8) CML Microsystems, Druck, Elect. Data Procg., Eurotherm, MTL Instrs., Sage, ENGINEERING GENERAL (3) Halma, PCT, Victaulic, FOOD MANUFACTURING (2) Borthwicks, Cranswick, HEALTH & HOUSEHOLD (1) Wellcome, INVESTMENT TRUSTS (11) Biotech Ptg. Prf., Drayton Recovery Prfd, Growth, Exmoor Dual Zero Prf., Gartmore Scot. Zero Prf., India Fund, Latin Amer., Manakin, Murray Enterprise Zero Cv. 1994, River & Merc. Stppd. Prf., Scottish Natl. Stppd. Prf., Templeton Emrg. Mkts., MEDIA (4) News Intl., Radio Clyde, Reuters, Tyne Tees, MERCHANT BANKS (2) Warburg (SG), Do. 6pc Prf., MOTORS (1) Barr & WAT A, OTHER FINANCIAL (3) Aitken Hume, Swire Pacific A, Templeton Galbraith, OTHER INDUSTRIAL MATERIALS (1) ECC, PACKAGING, PAPER & PRINTING (2) Bowater, Smurfit (J), TRANSPORT (1) Cathay Pacific.

NEW LOWS (44).
BUILDING MATERIALS (2) Albrighton, Hewetson, CHEMICALS (1) Anglo United, CONTRACTING & CONSTRUCTION (1) London & Clydeside, ELECTRICALS (1) Wholesale Fittings, ELECTRONICS (2) P-E Int., Sanderson, ENGINEERING AEROSPACE (3) Dowty, ML, Westland, ENGINEERING GENERAL (2) Hay (N), Renold, HEALTH & HOUSEHOLD (1) Kay Lime, HOTELS & LEISURE (2) Kunick, Savoy A, INVESTMENT TRUSTS (7) City of Oxford, English & Caledonian, Gartmore Scotland, Do. Units, Murray Split Cap. Units, North Amer. Gas., River Plate Cap., MEDIA (1) Asprey Comms, MISCELLANEOUS (1) Abbeycrest, OIL & GAS (4) Aviva Petrm., Brit. Borneo, Kingston Oil, Oliver Res., OTHER FINANCIAL (3) Cater Allen, King & Shaxon, Union Discount, PACKAGING, PAPER & PRINTING (2) Waco, Do. 5pc Prf., PROPERTY (3) Cabra Ests., Capital & Counties, Chesterfield 5.25pc Prf., STORES (2) Cantors, Colorvision, TEXTILES (2) Leslie Wise, Vivat, SOUTH AFRICANS (1) OK Bazaars, PLANTATIONS (1) Moran, MINES (2) Anglesey, Free State Dev.

EQUITY FUTURES AND OPTIONS TRADING

TRADERS reported a dull session in the derivatives markets, with little in the way of economic data or other features on which to focus, writes Joel Kibazo.

In stock index futures, the March contract opened strongly, with a 32-point premium and was squeezed higher before running into a bout of mid-morning selling.

The selling reduced the March premium prompting renewed buying before a poor opening on Wall Street once again halted the contract's advance. Sentiment was also affected by weakness in other European markets and concern at the level of pay settlements agreed for German steel workers.

March closed at 2,589, and some 13 points above its estimated fair value premium of 16. Volume reached a reasonable 6,820 contracts.

In traded options, turnover reached 24,680, down on Friday's high figure of more than 31,000 contracts.

The FTSE-100 Index option was busy, trading 7,058 contracts. British Gas was the busiest stock option, with 2,182 lots dealt. The June 240 puts were the busiest series. This was followed by Hillsdown, with 1,560 contracts and then Cable & Wireless, with 1,133 lots changing hands.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		[illegible]	—	[illegible]	[illegible]	1.85	8.31
3pc 1992‡‡		[illegible]	—	[illegible]	[illegible]	2.04	10.21
10½pc Cv 1992‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	10.29
3pc 1992		[illegible]	—	[illegible]	[illegible]	[illegible]	8.36
Exch 12¼pc 1992		[illegible]	—	[illegible]	[illegible]	12.18	10.04
13½pc 1992		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 1993		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
10pc 1993‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
12½pc 1993‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Funding 6pc 1993‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Treas 13¾pc 1993‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
8½pc 1994		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
14½pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas. 10pc Ln. 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 3pc Gas 90-95		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10¼pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 12¾pc 1995‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9pc 1992-96‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		[illegible]	—	[illegible]	[illegible]	11.66	[illegible]
Exch 10½pc 1997		[illegible]	—	[illegible]	[illegible]	10.13	9.56
Treas 8¾pc 1997‡‡		[illegible]	—	[illegible]	[illegible]	9.04	9.48
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	117	12.31	9.90
9¾pc 1998		[illegible]	[illegible]	101	[illegible]	9.65	9.53
Treas 6¾pc 1995-98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	7.57	9.05
15½pc '98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.14	9.73

BRITISH FUNDS – Cont.

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	10.78	9.63
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.42	9.32
Exch 12¼pc 1999		[illegible]	—	[illegible]	[illegible]	[illegible]	9.64
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.62
Conversion 10¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	9.87	9.60
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.16	9.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated							
Consols 4pc		[illegible]	—	[illegible]	[illegible]	[illegible]	—
War Loan 3½pc‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Conv 3½pc '61 Aft		[illegible]	—	61	[illegible]	5.74	—
Treas 3pc '66 Aft		[illegible]	—	[illegible]	[illegible]	[illegible]	—
Consols 2½pc		[illegible]	—	[illegible]	[illegible]	9.50	—
Treas. 2½pc		[illegible]	—	[illegible]	[illegible]	[illegible]	—

BRITISH FUNDS – Cont.

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
Index – Linked							
Treas. 2pc '94	(102.9)	[illegible]	—	[illegible]	[illegible]	[illegible]	3.76
2pc '96	(67.9)	[illegible]	—	[illegible]	[illegible]	[illegible]	3.96
2½pc '01	(78.3)	[illegible]	—	[illegible]	[illegible]	3.91	4.22
2½pc '03	(78.8)	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hydro Quebec 15pc 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.72
Int-Am Dev 12½pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	11.09	[illegible]
9¼pc 2015		[illegible]	[illegible]	[illegible]	[illegible]	10.37	[illegible]
Leeds 13½pc 2006		[illegible]	[illegible]	[illegible]	[illegible]	11.66	10.63
Liverpool 3½pc Irred.		[illegible]	—	[illegible]	[illegible]	11.57	—
LCC 3pc '20 Aft		[illegible]	—	[illegible]	[illegible]	11.11	—
Manchester 11½pc 2007		[illegible]	—	[illegible]	[illegible]	11.27	10.61
Met. Wtr. 3pc 'B'		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
N'wide Anglia 3¾pc 2021		[illegible]	[illegible]	[illegible]	102	—	5.49
4¼pc IL 2024		[illegible]	[illegible]	[illegible]	104	—	5.18
Utd Mex States 16½pc 2008		[illegible]	—	[illegible]	101	13.22	12.92

APPOINTMENTS

The compliance merry-go-round

Bernard Rouget, who has been in charge of compliance at County NatWest in the aftermath of the Blue Arrow affair, moves to become director of group compliance at National Westminster Bank.

Rouget, 54, who had earlier been a senior inspector at NatWest, was plucked from the St James's Street branch of the UK clearer after the 1987 stock market crash to help sort out auditing procedures after a trainee accountant client of County NatWest had managed to run up losses of over £1m in traded options positions.

Rouget initially reported to Elizabeth Brimelow, who later became embroiled in the Blue Arrow investigation. Rouget took over her job, as head of compliance as well as audit, in September 1988.

His primary task, he says, was to establish the independence of the compliance function. "We were all feeling our way somewhat," he recalls, referring to the early days of the implementation of the Financial Services Act.

Reporting lines were to the chairman and chief executive of County as well as to the director of group compliance, the job he moves to on the retirement of John Fraser, who had been at NatWest for 44 years.

Rouget is replaced by Keith Palmer, a "natural fit" from his previous job as deputy group compliance director at Midland as well as head of compliance for Midland Montagu. Palmer, who is 46, joined Midland's legal department in 1975.

While Rouget acknowledges that compliance is easier in the current sombre environment – a marked contrast to the frenetic deal-making that characterised the latter part of the 1980s – he emphasises that compliance officers cannot afford to rest on their laurels when business is scarce – "that is when commissions are hard to come by".

■ Barclays de Zoete Wedd has promoted three Frenchmen from its Paris corporate finance operation to the positions of managing director, previously a title within the Barclays group inhabited largely by British nationals.

Bertrand Poplu, Michel Tirouflet and Thierry Varene are all at Compagnie Financière Barclays de Zoete Wedd.

The move reflects a further effort to internationalise top management as the UK clearer pursues its ambitions on the continent. Barclays recently announced Carlos Martinez de Campos as its new director of European retail banking and Jacques Rambosson as director of European corporate banking.

Other managing directors of corporate finance announced by BZW are Richard Mews, based in Hong Kong, John Plaxton in Toronto, and Richard Gillingwater, Malcolm Le May and Philip Remnant in the UK.

■ Sir John Cuckney has announced that he will resign as chairman of 3i at the agm in July. He had originally planned to steer the company through its flotation and then step down in 1993.

However, those plans were made in the belief that the flotation would take place in March. Since it has now been postponed until after the election, Sir John thinks it would be preferable for his successor to be in place for the flotation.

■ Simon Thorp, who recently left Salomon Brothers, has now joined NatWest as head of gilts trading. NatWest claims it has beefed up its gilt trading operations during 1991 and is "currently trading profitably" after showing pre-tax losses in the four years after Big Bang. It claims to have a market share of between 6-7 per cent in gilt-edged market making.

■ Jonathan Custance Baker is appointed md and director of European business development, PUTNAM's new London office.

■ Michael Balfour (not Michael Bond) is director and head of emerging markets department of EDINBURGH FUND MANAGERS.

■ Ceris Williams has become a director of ROTHSCHILD Asset Management; he moves from Midland Montagu.

■ Trevor Thomson is appointed director and head of SWISS BANK Corporation's service products group in London; he moves from First National Bank of Chicago (UK).

Squaring the circle

Keith Orrell-Jones, 54, is to succeed Jim McColgan as group managing director of Blue Circle, one of the world's largest cement companies.

McColgan will be leaving in September when he reaches Blue Circle's normal retirement age of 62.

For the past year Orrell-Jones has been president of Blue Circle's US operations. He was previously chief executive of ARC, the aggregates and concrete subsidiary of Consolidated Gold Fields which was acquired by Hanson in 1989.

Orrell-Jones joined ARC in 1972 and was president of the group's north American business between 1981 and 1987 before returning to the UK to become chief executive.

According to McColgan, Orrell-Jones's tenure in the US for Blue Circle has coincided with one of the worst construction recessions that country has seen. "The US division had problems other than the recession. Keith Orrell-Jones, however, has managed to reduce costs, increase management efficiency and improve cashflow. I cannot think of many European cement companies operating in the US which will be able to boast of a similar record."

Orrell-Jones was educated at Newcastle High School and St John's College, Cambridge and is married with four children.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	35⅝xd	+⅛	36⅝	20⅞	15,160	1.6
♥Allegheny & W	335p	+46	335p	218p	174.1	5.0
Amdahl	990pxd	+58	1818p	657p	1,098	0.6
Amer Cyanamid	33⅝	-⅞	42⅛	25⅛	3,136	2.5
Amer Express	11½xd	-⅝	17⅞	9[illegible]	5,489	4.9
Amer T & T	28¾xd	-¼	24½	15¼	27,103	3.6
Ameritech	35	-½	38⅞	32½	15,324	5.5
BankAmerica	21[illegible]xd	-[illegible]	26[illegible]	12[illegible]	4,887	3.2
Bankers NY	34[illegible]xd	+[illegible]	38[illegible]	20[illegible]	2,871	7.8
Bell Atlantic	25¼xd	-¼	30½	24¼	10,126	5.5
BellSouth	27½	-¼	31¼	25	13,338	5.6
♥Bethlehem Steel	8⅛xd	—	11¼	6[illegible]	619.3	2.8
Bowater	1332p	-21	1838p	1042p	478.5	5.1
CPC	46⅞xd	-⅝	54[illegible]	37[illegible]	3,585	2.7
California Engy	676p	-18	930p	420p	123.1	—
Campbell Soup h	21[illegible]	-[illegible]	25	14⅛	5,294	1.9
Chase Manhattan	11[illegible]xd	-[illegible]	12¾	5[illegible]	1,555	5.9
Chrysler	8xd	-¼	9[illegible]	5⅜	2,293	4.2
Citicorp	8⅜xd	-⅛	18⅜	4⅝	2,876	—
Colgate-Palm	26¼xd	-¼	27⅝	21[illegible]	3,817	2.3
Cont'l Bank	778p	-11	928p	438p	725.6	8.3
Dana	17½xd	-⅛	21⅝	13⅝	719.3	5.1
Data General	842p	-17	1262p	303p	177.2	—
Dial	27xd	-⅛	27⅞	12⅞	1,072	2.9
Dun & Brad	36¼	-¼	31⅝	20¾	5,398	4.0
Eaton	37½	-⅞	40	24¼	1,278	3.3
Echlin	8[illegible]xd	—	8[illegible]	5½	471.2	4.7
FPL	19⅛xd	-⅛	20⅛	14[illegible]	3,241	7.1
Fluor	25½xd	-[illegible]	38[illegible]	17[illegible]	2,064	0.9
Ford Motor	17xd	-[illegible]	23⅛	13	8,047	3.4
Gen Elect	42xd	-1	46[illegible]	29[illegible]	36,396	2.8
♥General Host	502p	+18	566p	270p	—	4.0
Gillette	28½xd	-⅛	45¾	20⅞	6,231	1.2
Hasbro	22	-⅛	24	7[illegible]	1,261	0.8
Honeywell	40⅝xd	-⅛	40¾	21¾	2,833	2.3
Houston Inds	24	-⅛	24⅞	17⅞	3,093	6.9
IBM	50¼xd	-1¼	72[illegible]	46	28,749	5.4
Ingersoll-Rand	33[illegible]xd	-[illegible]	33[illegible]	18[illegible]	1,714	2.2
Lockheed	23⅛xd	-⅛	28⅛	16⅛	1,484	4.9
Lowe's	2287p	+23	2287p	1245p	832.7	1.4
Merrill Lynch	31[illegible]xd	-[illegible]	39[illegible]	10[illegible]	3,278	1.8
Morgan (JP)	33¾xd	-[illegible]	38¼	21[illegible]	6,374	3.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.	103½	–	116	97	11.6	–	–
Cap.	37	-1	60	31	–	28.3	-29.6
Stepped Pf. †	132¾	+1	132¾	113	6.3	–	–
Zero Div Pf.	171½	–	171½	141	–	–	–
Warrants	3½	–	10	5	–	–	–
Scot Value	53	–	55	40¼	3.1	53.2	0.3
Sec Alliance	1195	-9	1255	882	3.3	1352.9	11.7
Second Market	224	–	230	199	8.6	255.0	12.1
Sec Tst Scot †	69	-½	76	57½	6.8	72.0	3.5
Select Assets	99½	-½	102	71	1.2	132.4	24.8
Eq Ind Sert	113	-1	121	89	5.1	–	–
Eq Ind Sert	113	-1	121	89	5.1	–	–
Shires †	225	–	260	191	10.6	225.9	-0.3
11pc Cv Ln '03/04	£118½	-2	£120½	£97½	10.8	–	–
Stm Select	91	–	99	78	1.5	96.3	5.5
Warrants	30	–	31	19	–	–	–
Smaller Cos.	67	–	69	60	1.4	82.5	18.8
Warrants	13	–	25	8	–	–	–
Sphere Inc.	17½xd	–	29	17½	28.8	22.8	23.1
Zero Div Pf.	88½	-½	88¾	58¾	–	–	–
Warrants	1½	–	9½	1½	–	–	–
Strata	107	–	107	104	–	–	–
Stratton	159	–	169	120	1.8	165.1	17.3
Sumit ‡	51	–	119	50	‡	109.9	53.6
TR City of Lon.	109½xd	-½	121¼	90	5.6	112.4	3.9
TR Euro Growth	87	–	104	78	1.6	98.0	11.2
Ptg Sub.	88	–	60	40	2.5	–	–
TR Far East Inc.	85	–	94	56	6.5	98.5	12.7
Warrants	15	–	29	12	–	–	–
TR High Inc.	98	–	115	85	8.2	98.6	-1.3
Sub.	33	–	36	24	6.7	–	–
TR Pacific	82	–	82	49	8.4	89.1	8.0
TR Prop.	25	–	37	24	7.7	36.0	30.5
TR Smaller	135	-1	155	98	2.7	146.4	7.8
TR Technology	36	–	62	20	6.8	124.5	71.1
Stepped Pf.	91¾	+½	94½	70½	8.0	–	–
Zero Pf.	163	–	163	117½	–	–	–

[illegible]

MERCHANT BANKS - Cont.

Notes	Price	+ or -
N/V †	913	-2
Singer & Fried	42	+½
Warburg (SG) †	571	+10
5pc Cv Pf.	187	+2
Wintrust	225	–

[illegible]

METALS & METAL FORMING

Notes	Price	+ or -
MASW †	154	-2
Apollo Metals	137	+1
Ash & Lacy	148	–
Barrett (H)	94	–
Billam (J)	84	–
Brasway	15½	–
Brit Steel	78½	-2½
Bromsgrove ¶	128½	-2½
BCI	28	–
Castings †	128	–
Chamber & Hill	66	–
Clayhithe M	38	–
9½pc Cv 2000-1	282½	–
Cohen (A)	376	–
Cook (Wm) †	283	–
Cooper (F)	69	–
Cronite	28	–
Downiebrae	31	–
Firth (GM) ‡	28	–
Garton	94	–
Glynwed Intl	218	-1
Johnson & Firth	62½	-1
Johnson Matthey	344	-1
Lee (A)	104	–

[illegible]

MISCELLANEOUS

[illegible]

OIL & GAS - Cont.

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

PROPERTY

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

STORES

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

MERCHANT BANKS

[illegible]

OIL & GAS

[illegible]

MINES

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible] The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.43	50.43	50.93	+0.03	10.6
Cnsrvtd Prfrmnce	5½	48.28	49.57xd	51.81	-1.32	9.02
Ethical	5½	47.88	48.89	52.01	+0.98	4.50
European Growth	5½	47.75	47.96	51.16	+0.11	3.0
Income	5½	45.76	46.30	49.39	+0.10	7.95
Intl Growth	5½	66.16	66.20	70.61	+0.05	3.11
Managed	5½	58.54	58.89	62.82	-0.05	4.42
UK Growth	5½	49.24	49.90xd	53.23	-0.02	5.81
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	195.1	197.2xd	205.4	-0.6	3.06
Do Income	3	182.5	184.6xd	192.2	-0.5	3.06
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	36.37	36.37	38.65	+0.2	2.43
UK Equity Gth Acc	5¼	49.86	50.79	53.97	+0.5	2.04
UK Eq High Inc Inc	5¼	28.89	29.63	31.49	+0.3	6.35
UK Eq High Inc Acc	5¼	32.49	33.32	35.41	+0.3	6.35
UK Equity Gen Acc	5¼	46.32	47.08	50.03	+0.4	3.48
UK Equity Gen Inc	5¼	36.24	36.84	39.15	+0.3	3.48
UK Larger Cos Acc F	7½	306.2	310.3	334.7	+2.9	4.65
UK Larger Cos Inc F	7½	246.5	249.8	271.1	+2.4	4.65
Gilt & Fxd Int Inc	5¼	28.16	28.23	29.86	----	7.79
O'seas Larg Cos Acc F	7½	212.5	216.1	234.5	+1.0	2.11
Nth American Acc	5¼	35.78	35.99	38.18	-0.5	0.73
Far East Acc	5¼	40.19	41.20	43.78	+0.6	0.09
European Acc	5¼	34.92	35.84	38.09	+0.2	1.71
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	294.0	294.0	313.9	-5.0	0.74
(Accum Units) ♥	5	346.0	346.0	369.5	-5.8	0.74
British	5	801.5	814.5	861.7	-1.0	6.02
(Accum Units)	5	1316.9	1338.2	1415.8	-1.6	6.02
European	5	328.1	328.1	348.2	+0.7	1.44

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Jan 16	498.45	499.11	----	2.83
Gross Jan 16	170.31	171.68xd	----	11.36
High Yield Jan 16	280.23	282.47	----	7.79
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	53.04	54.15	-0.20	3.87
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1179.0	1246.0xd	----	----
Mngd Pens (Acc)	66.7	71.1	----	----
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	----	7.00
Inc Gth Prp Jul 31	£1375.0	1460.0	----	8.90
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Jan 31	£3888.1	4058.9	----	3.91
European Jan 31	£568.1	574.3	----	1.53
American Jan 31	£362.6	366	----	2.22
Japan Jan 31	£475.9	481.3	----	1.36
Pacific Jan 31	£142.5	146.2	----	1.89
W Midlands Sep 30	£136.50	152.90	----	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Dec 31	196.75	208.75	----	7.88
Equity Dec 31	845.45	857.90	----	3.99
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Jan 31		103.7	-0.1	10.2
(Accum Units)		629.78	-0.9	10.2
NAACIF Jan 28		41.01	----	9.57

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or –	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	110.4	116.2	----	–
Pension Managed Fd	109.0	114.8	----	–
Life Deposit Fd	112.3	118.2	----	–
Pension Deposit Fd	119.7	126.1	----	–
For National Fin see Target Life				
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	173.1	182.3	----	–
UK Equity	182.4	192.0	----	–
Overseas Equity	140.0	147.4	----	–
Fixed Interest	160.9	169.4	----	–
Property	131.2	138.2	----	–
Index Linked	154.4	162.6	----	–
Deposit	167.2	176.0	----	–
With Profits (B)	136.7	144.0	----	–
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	357.8	376.7	–2.0	–
UK Equity	448.8	472.5	–3.3	–
Overseas Eq	343.6	361.7	–2.1	–
Americas	296.3	311.9	–3.1	–
Far East	357.0	375.8	----	–
Property	194.8	205.1	–0.3	–
Fixed Int	279.5	294.3	+0.3	–
Indexed Gilt	163.9	172.6	+0.1	–
Deposit	190.8	200.9	+0.1	–
With Profits	107.1	112.7	+0.1	–
Pension Fund (Accum Units)				
Managed	516.4	543.6	–2.8	–
UK Equity	603.2	635.0	–4.7	–
Overseas Eq	584.9	615.7	–2.2	–
Americas	384.0	404.3	–3.4	–
Far East	594.8	626.2	–0.3	–
Property	249.7	262.9	–0.4	–
Fixed Int	350.1	368.6	+0.8	–
Indexed Gilt	178.6	188.1	----	–
Deposit	271.4	285.7	+0.2	–
NPI Pensions Management Ltd				
Managed Fund	1126.7	1146.8	+49.0	–
Prices February 3 Next dealing March 2				

	Bid Price	Offer Price	+ or –	Yield Gross
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	219.0	231.1	–0.4	–
UK Fixed Int Acc	196.8	207.7	+0.1	–
Intl Equities Acc	179.5	189.4	–0.6	–
UK Managed Acc	173.0	182.4	–0.3	–
Property Acc	225.5	237.9	----	–
Money Acc	135.4	142.9	----	–
Special Market Acc	157.0	165.7	–0.3	–
Japan Equity Acc	95.2	100.5	–0.1	–
North American Acc	109.6	115.7	–1.1	–
Pacific Acc	95.9	101.2	+0.4	–
Technology Acc	142.8	150.7	–1.6	–
Nat Resources Acc	56.1	59.2	+0.5	–
European Acc	102.5	108.2	+0.2	–
Residential Prop Acc	85.0	89.7	----	–
Swiss Equities Acc	33.7	35.6	+0.1	–
Hong Kong Acc	73.9	78.0	+0.8	–
UK High Inc Eq Acc	70.0	73.9	–0.1	–
Int Fixed Interest Acc	61.9	65.3	–0.1	–
Int Managed Acc	58.0	61.1	–0.1	–
HIP Managed Acc	119.1	125.6	–0.1	–
HIP Managed II Acc	105.0	110.7	–0.2	–
HIP Managed III Acc	112.8	118.9	–0.2	–
Total Investment Bond				
UK Equity Initial		140.2	–0.3	–
UK Fixed Int Initial		133.4	----	–
Intl Equities Initial		120.7	–0.5	–
UK Managed Initial		117.3	–0.1	–
Property Initial		153.9	–0.1	–
Money Initial		92.2	–0.1	–
Special Market Initial		121.3	–0.3	–
Japan Equity Initial		73.6	–0.1	–
North American Initial		84.7	–0.9	–
Pacific Initial		74.2	+0.4	–
Technology Initial		110.4	–1.1	–
Nat Resources Initial		43.3	+0.3	–
European Initial		91.5	+0.2	–
Residential Prop Init		80.7	–0.1	–
Swiss Equities Initial		92.1	+0.2	–
Hong Kong Initial		70.2	+0.7	–
UK High Inc Eq Init		66.5	–0.2	–
Int Fixed Interest Init		59.6	–0.1	–
Int Managed Init		56.0	–0.1	–
HIP Managed Init		115.2	–0.1	–
HIP Managed II Initial		103.0	–0.1	–
HIP Managed III Init		112.0	(2)	–
Broker Funds				

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Trading held to tight ranges

Trading was restricted to tight ranges yesterday on the foreign exchange markets, with dealers cautious ahead of US employment data due for release on Friday, *writes Simon London.*

The dollar was mixed overnight in the Far East, losing ground against the D-Mark but holding firm against the yen. The US currency closed in Tokyo at DM1.6050, from DM1.6115 at the close in New York, and Y125.65 from Y125.80.

These tight ranges were carried forward into European trading, with only a brief flurry of activity on the announcement that German steel workers and employers had reached agreement over pay.

The 130,00 workers represented by the IG Metall union now look likely to accept a 6.4 per cent pay offer. The union was originally asking for a 10.1 per cent pay increase and last week received strong backing for strike action. Even so, most analysts saw the settlement as disappointing and encouraging other unions to press for higher pay.

Against this, industrial production figures for December showed output in western Germany falling by 3.1 per cent during the month, having risen by 0.3 per cent in November.

Although the data is distorted by national holidays, the figures were taken as a sign that economic activity is now contracting.

Overall the D-Mark was stronger. The settlement higher than retail price inflation, currently around 4 per cent, may encourage the Bundesbank to maintain a tight monetary stance.

In the afternoon session, the dollar weakened further against the D-mark following the realese of the monthly index produced by the US National Association of Purchasing Managers. The index registered 47.4 in January, unchanged from December. A figure below 50 shows that economic activity is generally contracting.

The US currency closed in London at DM1.5975 from DM1.6080 on Friday; Y125.90 from Y125.55; Sfr1.4235 from Sfr1.4285; and $1.8000 from $1.7900 against sterling.

The D-Mark was also stronger against the yen, rising to Y78.75 by the London close, having traded below 78.00 at the end of last week.

Within the European exchange rate mechanism, the strength of the D-Mark renewed the pressure on sterling, the weakest currency.

The UK unit fell back in the afternoon to close at DM2.8675 from DM2.8775 on Friday, just a shade above its floor within the system, determined by its maximum permitted divergence from the strongest currency, the peseta.

The peseta was bouyed by the removal of capital controls in Spain, closing in London at Pta62.91 against the D-Mark, little changed from the levels seen on Friday.

Analysts expect the liberalisation measures to increase the flow of overseas funds into peseta assets.

£ IN NEW YORK

Feb.3	Latest	Previous Close
£ Spot	1.7990-1.8000	1.7850-1.7860
1 month	0.94-0.92pm	0.95-0.93pm
3 months	2.81-2.78pm	2.83-2.80pm
12 months	9.40-9.30pm	9.35-9.25pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.3	Previous
8.30 am	90.9	90.8
9.00 am	90.9	90.8
10.00 am	90.9	90.7
11.00 am	90.9	90.8
Noon	90.9	90.7
1.00 pm	90.9	90.7
2.00 pm	90.9	90.7
3.00 pm	90.9	90.8
4.00 pm	90.9	90.9

CURRENCY RATES

Feb 3	Bank ♣ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.783169	0.710238
U.S Dollar	3.50	1.39733	1.27260
Canadian $	7.33	1.64198	1.49404
Austrian Sch	7.50	15.8555	14.3792
Belgian Franc	8.50	46.4472	42.0914
Danish Krone	9.50	8.74170	7.92069
D-Mark	8.00	2.25487	2.04380
Dutch Guilder	8.50	2.53937	2.30112
French Franc	10¼	7.68497	6.96369
Italian Lira	12	1694.47	1535.02
Japanese Yen	4.50	175 714	160.005
Norway Krone	8	8.84300	8.01359
Spanish Peseta	-	141.864	128.506
Swedish Krona	10.00	8 18835	7.41992
Swiss Franc	7.00	2.00447	1.82110
Greek Drach	19	255.134	235.954
Irish Punt	-	N/A	0.769957

♣ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jan.31

CURRENCY MOVEMENTS

Feb 3	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.9	-20.7
U.S Dollar	62.7	-16.0
Canadian Dollar	101.5	-0.7
Austrian Schilling	110.0	+12.1
Belgian Franc	111.7	-1.8
Danish Krone	109 2	+1.2
D-Mark	118.7	+25.1
Swiss Franc	108.3	+17.0
Dutch Guilder	114.8	+16.4
French Franc	103.3	-12.9
Lira	99 2	-19.7
Yen	144 2	+80.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Jan.31

OTHER CURRENCIES

Feb 3	£	$
Argentina	1.7740 - 1.7770	0.9906 - 0.9915
Australia	2.3810 - 2.3830	1.3280 - 1.3290
Brazil	2364.90 - 2366.60	1319.70 - 1319.90
Finland	7.8290 - 7.8420	4.3685 - 4.3715
Greece	329.300 - 334.550	183.900 - 186.850
Hong Kong	13.8720 - 13.8930	7.7550 - 7.7570
Iran	2534.00*	1420.00*
Korea(Sth)	1350.20 - 1371.95	757.00 - 766.80
Kuwait	0.52215 - 0.52340	0.29130 - 0.29190
Luxembourg	58.95 - 59.05	32.85 - 32.95
Malaysia	4.6825 - 4.6950	2.6160 - 2.6190
Mexico	5411.85 - 5423.85	3064.00 - 3068.00
N Zealand	3.3190 - 3.3225	1.8490 - 1.8510
Saudi Ar	6.6865 - 6.7625	3.7495 - 3.7505
Singapore	2.9115 - 2.9155	1.6260 - 1.6290
S.Af (Cm)	5.0010 - 5.0138	2.7915 - 2.7930
S.Af (Fn)	5.9740 - 6.0745	3.3080 - 3.3840
Taiwan	44.75 - 44.95	24.95 - 25.05
U.A.E.	6.5465 - 6.6235	3.6715 - 3.6735

*Floating rate. Iran Official rate:£116.4 $65.8

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 3	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.506	-3.84	5.98	66
Belgian Franc	42.4032	42.0914	-0.74	2.67	36
Dutch Guilder	2.31643	2.30112	-0.66	2.59	33
D-Mark	2.05586	2.04380	-0.59	2.51	30
Italian Lira	1538.24	1535.02	-0.21	2.13	11
Irish Punt	0.767417	0.769957	-0.19	2.11	10
French Franc	6.89509	6.96369	0.99	0.91	-54
Danish Krone	7.84195	7.92069	1.00	0.90	[illegible]
Sterling	0.696904	0.710238	1.91	0.00	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar [illegible] 9.35-9.25pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 3	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅝ - 10⅜	10⅝ - 10½	10⅝ - 10⅝	10⅝ - 10⅜	10⅝ - 10⅝	10⅜ - 10⅜
US Dollar	4⅛ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	4¼ - 4⅛	4⅛ - 4⅛
Can. Dollar	7⅛ - 6⅞	7⅛ - 6⅞	7⅛ - 6⅞	7 - 6⅞	7 - 6⅞	7⅛ - 6⅞
Dutch Guilder	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝
Swiss Franc	7⅛ - 7	7⅛ - 7	7⅝ - 7⅛	7⅝ - 7⅝	7⅝ - 7⅝	7⅝ - 7⅛
D-Mark	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝
French Franc	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10 - 9⅞	9⅞ - 9⅝
Italian Lira	12 - 10	12¼ - 11¼	12 - 11½	11½ - 11¼	11½ - 11¼	11⅜ - 11⅛
Belgian Franc	9⅜ - 9⅛	9⅜ - 9⅛	9⅝ - 9⅛	9⅝ - 9⅛	9⅝ - 9⅛	9⅝ - 9⅛
Yen	5⅝ - 5⅜	5⅜ - 5⅝	5⅜ - 5⅜	5⅛ - 5⅛	5 - 4⅞	4⅞ - 4⅞
Danish Krone	9⅝ - 9⅝	9⅝ - 9⅝	10⅛ - 10⅛	10¼ - 10⅛	10⅛ - 9⅞	10 - 9⅞
Asian $Sing	3 - 2⅞	2⅞ - 2⅝	2⅞ - 2⅝	2⅞ - 2⅞	3⅛ - 2⅞	3⅛ - 3⅛

Long term Eurodollars: two years 5⅛-5⅛ per cent; three years 6⅛-6⅛ per cent; four years 6⅝-6⅝ per cent; five years 7⅛-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.3	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.800	2.868	226.0	9.765	2.555	3.228	2153.	2.107	59.00	1.407
$	0.556	1	1.593	125.6	5.425	1.419	1.793	1196	1.171	32.78	0.782
DM	0.349	0.628	1	78.80	3.405	0.891	1.126	750.7	0.735	20.57	0.491
YEN	4.425	7.965	12.69	1000.	43.21	11.31	14.28	9527	9.323	261.1	6.226
F Fr.	1.024	1.843	2.937	231.4	10.	2.616	3.306	2205	2.158	60.42	1.441
S Fr.	0.391	0.705	1.123	88.45	3.822	1	1.263	842.7	0.825	23.09	0.551
N Fl.	0.310	0.558	0.888	70.01	3.025	0.792	1	667.0	0.653	18.28	0.436
Lira	0.464	0.836	1.332	105.0	4.536	1.187	1.499	1000.	0.979	27.40	0.654
C$	0.475	0.854	1.361	107.3	4.635	1.213	1.532	1022	1	28.00	0.668
B Fr.	1.695	3.051	4.861	383.1	16.55	4.331	5.471	3649	3.571	100.	2.385
Ecu	0.711	1.279	2.038	160.6	6.940	1.816	2.294	1530	1.498	41.93	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100% — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100% — [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100% — [illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100% — [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS — [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100% — [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT — [illegible]

US TREASURY BONDS 8% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND — [illegible]

9% NOTIONAL ECU BOND — [illegible]

12% NOTIONAL ITALIAN GOVT. BOND (BTP) — [illegible]

THREE MONTH STERLING — [illegible]

THREE MONTH EURODOLLAR — [illegible]

THREE MONTH EUROMARK — [illegible]

THREE MONTH ECU — [illegible]

THREE MONTH EURO SWISS FRANC — [illegible]

FT-SE 100 INDEX — [illegible]

FT-SE EUROTRACK 100 INDEX — [illegible]

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8000	1.7906	1.7671	1.7422	1.7020

CHICAGO

U.S. TREASURY BONDS (CBT) 8% — [illegible]

U.S. TREASURY BILLS (IMM) — [illegible]

BRITISH POUND (IMM) — [illegible]

SWISS FRANC (IMM) — [illegible]

JAPANESE YEN (IMM) — [illegible]

DEUTSCHE MARK (IMM) — [illegible]

THREE-MONTH EURODOLLAR (IMM) — [illegible]

STANDARD & POORS 500 INDEX — [illegible]

PHILADELPHIA SE £/$ OPTIONS — [illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES — [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) — [illegible]

CAC-40 FUTURES (MATIF) — [illegible]

ECU BOND (MATIF) — [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	-	-	-	0.10	0.15	-
107	-	-	-	0.31	0.24	-
108	0.65	-	-	0.86	0.48	-
109	0.20	1.42	-	-	0.77	-
110	0.04	0.87	-	-	-	-
111	-	0.52	-	-	-	1.85
112	-	0.27	-	-	-	-
113	-	0.14	-	-	-	-
Open Int.	121,402	44,776	8,017	109,678	37,926	300

Estimated volume 29,594 Total Open Interest 322,097

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williams Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5	● Members of British Merchant Banking & Securities Houses Association.	
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

MONEY MARKETS

UK rates steady

UK money market rates were little changed yesterday although conditions were squeezed as repurchase agreements set in January reached maturity, *writes Simon London.*

The Bank of England forecast a liquidity shortage of £650m early in the session, later revised up to £750m. The main component was maturing repurchase agreements set last month, draining £1.106bn from the market. This was moderated by exchequer transactions, which added a net £620m to the system.

However, rates were steady early in the day at below 11 per cent and the Bank of England added only £22m funding during the morning session, through the purchase of band 1 bank bills at 10⅜ per cent.

Afternoon assistance amounted to a more substantial £368m, again through the outright purchase of band 1 and band 2 bank bills at 10⅜ per cent. A late liquidity injection of £70m bought total assistance for the day to £560m.

Despite the net drain of funds during the day, overnight money rates were stable. The unsecured overnight money rate closed at 10⅞ - ⅝ per cent from 10¾ - ⅝ per cent at the end of last week. One month interbank money closed at 10⅞ - ¾ per cent; three-month interbank funds closed at 10⅝ - ½ per cent.

The March short sterling contract on the London International Financial Futures Exchange was weaker, closing at 89.63 from 89.67 at the close on Friday.

Analysts commented that the pay settlement between German steel workers and employers for a 6.4 per cent pay offer meant that German interest rates are likely to stay high for some time. This could limit the ability of the UK government to reduce interest rates, a factor reflected in the futures market. The closing level of the March sterling contract implies bank base lending rates of 10.37 per cent by the Spring.

In Frankfurt call money interest rates eased following the sharp month-end liquidity squeeze last week. Call money traded mostly at 9.60/70 per cent, from a peak of 9.75 per cent on Friday.

The tight conditions last week were reflected in the amounts borrowed by financial institutions at the Lombard rate, the Bundesbank's emergency funding rate. Lombard borrowings rose to DM7.1bn on Friday, from DM2.1bn on Thursday.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.3)	3 months US dollars	6 months US Dollars
	bid 4⅛ offer 4⅛	bid 4¼ offer 4¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds — [illegible]

Feb.3	Over night	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Feb 3	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Bank Bills (sell): [illegible] Average tender rate of discount [illegible] ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1992. Agreed rates for period Feb.26, 1992 to March 24, 1992, Scheme I: 11.75 p.c., Schemes II & III: 12.01 p.c. Reference rate for period Jan 1, 1992 to January 31, 1992, Scheme IV&V 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from January 1, 1992. Bank Deposit Rates for sums at seven days notice [illegible] per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-twelve months [illegible] per cent; Under £100,000 [illegible] per cent from Sept 5,1991. Deposits withdrawn for cash [illegible] per cent.

LEGAL NOTICES

NOTICE TO CREDITORS TO SEND CLAIMS

THE INSOLVENCY ACT 1986
MIDAS INTERNATIONAL PROPERTIES PLC

NOTICE IS HEREBY GIVEN that the creditors of the above named company are required on or before the 30th day of June 1992 to send their names and address and the particulars of their debts or claims, and the names and addresses of their solicitors, if any, to Christopher John Hughes and Christopher John Barlow of CORK GULLY, at Shelley House, 3 Noble Street, London EC2V 7DQ the Joint Liquidators of the said company, and, if so required by notice in writing from the said liquidators or by their solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 17th day of January 1992

Christopher John Hughes
Joint Liquidator

INSOLVENCY ACT 1986
No. 008764 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
IFINCORP LIMITED

I, John Colin Mannin Bishop, of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ
HEREBY GIV NOTICE that on 16 December 1991 I was appointed Liquidator of the above-named company by a resolution of a meeting of the company's creditors.
All persons having in their possession any of the assets of the company must deliver them to me, and all debts due to the company must be paid to me.
Creditors who have not yet proved their debts must forward their Proofs of Debt to me.

Dated this 27th day of January 1992

John Colin Mannin Bishop
Liquidator

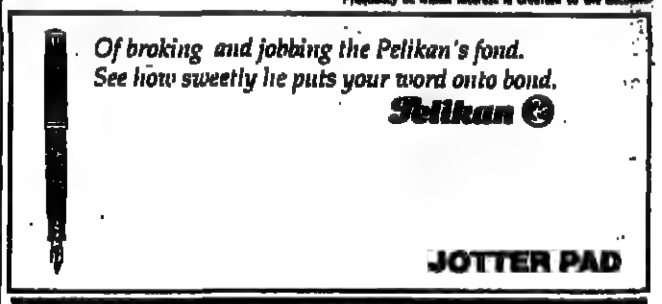
MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

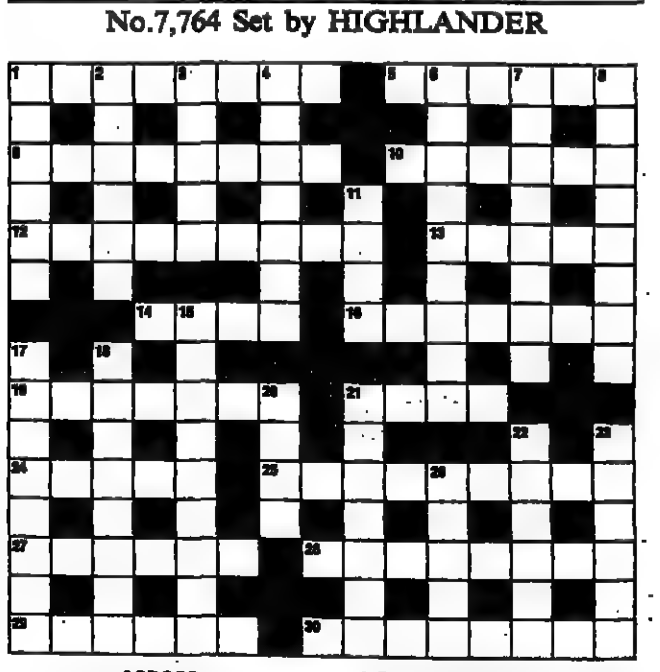
Money Market Bank Accounts

[illegible]



CROSSWORD

No.7,764 Set by HIGHLANDER



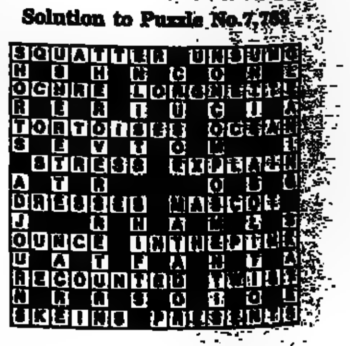
ACROSS

1 Financial assistance rejected by ethnic group causes criticism (8)
5 Get halfway and take London Road to beach (6)
9 Is so organised about producing flowering plants (8)
10 Fool with first-aid (6)
12 Sees Latin translation as a necessity (9)
13 Pulled out during early morning run (5)
14 Blue is away from the University (4)
16 The most innocent question voiced before trial (7)
19 When I hear Greek from another continent (7)
21 Come across as appropriate (4)
24 One appears on time for attractive foreign woman (5)
25 Make unwilling to take in order (9)
27 Aim to dine in by mutual agreement (6)
28 Not the main way to get a rise? Odd - very odd (4,4)
29 Provides for pets without hesitation (6)
30 Strip show enthusiast has a ball (3,5)

DOWN

1 Good with lions but an idle sort (6)
2 Bill Lawrence's alter ego is on the other side (6)
3 King finishes in check, as a rule (5)
4 Stronghold of good French round wine (7)
6 International takes strike, evaluating spin (4,5)
7 One restricted to school grounds would be worried about it (8)
8 Set off for school in time (8)
11 Run down, gobble up (4)
15 Old hat more appropriate, according to costumier (9)
17 Distressingly inadequate way to summon up (8)
18 Very hostile lead in six no-trumps (8)
20 Steal ideas from stall (4)
21 This island has produced terrorists (7)
22 Take care of small business by operating a protective cover (6)
23 Commemorating Cleopatra's sting? (6)
26 Dashed round the north pass (5)

Solution to Puzzle No.7,763



WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | GERMANY | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE

[illegible]

CANADA

TORONTO

3:00 pm prices February 3

[illegible]

MONTREAL

3:00 pm prices February 3

[illegible]

INDICES

NEW YORK

DOW JONES	Jan 31	Jan 30	Jan 29	Jan 28	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3223.39	3244.86	3224.96	3272.14	3272.14 (28/1)	3172.41 (2/1)	3272.14 (28/1/92)	41.22 (2/7/32)
Home Bonds	98.98	99.15	99.43	99.56	99.61 (17/1)	98.96 (2/1)	99.61 (17/1/92)	54.99 (1/10/81)
Transport	1354.26	1368.27	1348.65	1356.32	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	210.38	211.13	212.13	213.51	225.59 (3/1)	210.38 (31/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3274.37 (3269.68) Low 3207.96 (3204.61)

STANDARD AND POOR'S

	Jan 31	Jan 30	Jan 29	Jan 28	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	408.78	411.62	410.34	414.96	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	485.57	488.61	486.47	492.48	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	33.53	34.02	34.09	34.54	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	226.20	227.37	226.64	228.95	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	411.37	410.92	409.64	412.71	415.33 (20/1)	395.51 (2/1)	415.33 (20/1/92)	29.31 (9/12/72)
NASDAQ Composite	620.21	621.37	616.31	621.29	630.82 (15/1)	586.45 (2/1)	630.82 (15/1/92)	54.87 (31/10/72)

	Jan 24	Jan 17	Jan 10	year ago (approx.)
Dow Industrial Div. Yield	2.87	2.83	2.89	3.88

	Jan 29	Jan 22	Jan 15	year ago (approx.)
S & P Industrial div. yield	2.59	2.53	2.52	3.20
S & P Indl. P/E ratio	25.10	25.60	25.76	16.58

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
RJR Nabisco	3,958,600	10⅛	---
Advanced Micro	2,396,000	18⅞	- ⅛
Glaxo ADR	2,317,600	30¼	+ ⅛
AMR	2,242,400	70⅝	- ¼
Limited	2,008,200	30⅝	+ ⅛
Citicorp	1,905,500	15	- ¼
Coca Cola	1,819,100	77⅞	+ ⅞
Amer Waste	1,813,300	5⅛	---
Amer Express	1,812,300	20⅝	- 1⅛
Am T&T	1,788,700	37⅛	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Jan 31	Jan 30	Jan 29
New York SE	197,060	194,670	248,900
Amex	16,342	13,823	20,912
NASDAQ	226,155	216,204	248,258
NYSE			
Issues Traded	2,172	2,180	2,202
Rises	742	881	650
Falls	927	808	1,042
Unchanged	503	491	510
New Highs	82	82	123
New Lows	7	9	7

CANADA TORONTO

[illegible]

[illegible]

‡ Subject to official recalculation.

Base values of all indices are 100 except: Austria Traded, BEL20, and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.[illegible] Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 3 February 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Osaka Gas	6.8m	589	+10	Mitsubishi Corp	2.5m	1,190	+10
Mitsukoshi	6.3m	829	-	Tamura Elec	2.4m	1,710	+100
Kobe Steel	5.6m	412	+4	Mitsui Material	2.3m	590	+5
Showa High	3.6m	1,130	+60	Bridgestone	2.1m	1,140	+30
Nippon Fire	3.1m	757	+12	Meiji Milk	1.9m	915	+25

3:00 pm prices February 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14½	12¾	AAR Corp x	0.48	3.3	16	297	u14⅝	14½	14½	+⅛
26	22½	A L Labs A	0.16	0.7	26	240	23½	23	23½	+⅜
65¾	58⅛	AMP Inc x	1.52	2.4	25	854	62⅞	61	62¾	+1⅜
75½	68⅝	AMR				243659	71¼	70⅝	71¼	+½
2⅜	1⅞	ARX			2	121	u2⅜	2¼	2¼	-⅛
62¼	46¼	ASA	3.00	5.8	15	857	52⅛	51¾	52	+½
68⅞	60¾	Abbott Lab	1.00	1.6		254308	64¾	63¾	64⅛	+¼
13¼	12⅛	Abitibi Pr	0.50	3.9	17	17	12⅞	12⅝	12⅞	+⅛
11⅝	11⅛	ACM Gvt In	1.26	11.0		261	11½	11⅜	11½	
10⅞	9½	ACM GvOpp	1.01	10.0		58	10⅛	10	10⅛	
9½	9	ACM Gt Sp x	1.01	10.9		338	9⅜	9¼	9¼	-⅛
11⅝	10⅞	ACM Gt Sc x	1.26	11.4		376	u11⅝	11	11	-⅛
9⅞	8⅞	ACM Man	0.47	5.2		241	9¼	9⅛	9⅛	
12⅞	12½	ACM Managd	1.35	10.9		339	12½	d12⅜	12⅜	-⅛
9¾	7	Acme Cleve x	0.40	4.3	18	270	9⅝	9⅜	9⅜	-¼
5⅛	4⅝	Acme Elect			3	23	4⅞	4¾	4¾	-¼
33¼	30	Acuson			18	822	30⅝	30⅜	30½	+¼
19⅞	18½	Adams Expr x	0.48	2.6	0	42	18¾	d18½	18⅝	+⅛
15¼	13	Adobe12Pf	2.40	16.6		10	14¼	14¼	14¼	
6⅛	4½	Adobe Res			49	441	5	5	5	
48½	42¼	Ad Micro				463	45⅝	44½	45⅝	+⅜
21⅞	17⅞	Ad Micro P	3.00	15.6		127605	19⅜	18½	19¼	+⅜
7	5	Advest Grp	0.16	2.7	24	293	6½	5⅞	5⅞	-⅜
45¾	39	Aetna Lf x	2.76	6.3		82324	44	41⅞	43¾	+2¼
10¾	8⅜	Affil A x	0.24	2.3		941270	10½	10⅜	10⅜	-¼
32⅞	29½	Aflac				2604	30¼	d29⅞	30	+½
17¾	15⅝	Ahmanson x	0.88	5.1		82364	17⅜	16⅞	17¼	+½
22½	17½	Alteon Inc			18	62	22⅛	21⅝	21¾	-¼
83⅞	72⅞	Air Pr Chm	0.80	1.0	18	698	79⅛	78¾	78¾	-½
28½	23⅞	Airbne Frt	0.30	1.1		191245	27	26¼	27	+⅝
24⅞	22⅝	Airgas Inc			110	172	23¼	23⅛	23¼	+⅛
11¼	8⅛	Airlease	1.64	14.9	7	40	11⅛	10⅞	11	
103½	99½	AlaPw8.16 x	8.16	8.0		z100	103	103	101½	
25⅛	21⅞	AlaPw PfA	2.00	8.0		11	u25⅛	25⅛	25⅛	
106	104	AlaPw9.44 x	9.44	8.9		4	u106	106	106	
108	102⅝	Alab Pw 11				2	104	104	104	
105	102½	Alab Pw 9P x	9.00	8.6		4	u105	104½	105	
105	100¼	Alab 8.28C x	8.28	7.9		2	104½	104½	104½	+1¼
10⅞	10½	AlaPwOpPf x	0.87	8.1		44	10¾	10⅝	10¾	+⅛
23⅞	21½	Alaska Air	0.20	0.9	85	103	22⅝	22¼	22¼	-¼
18⅞	15¾	Albany Int	0.35	1.8		461053	u19¼	18⅞	19⅛	+⅜
32	27	AlCulvr B x	0.24	0.8	25	215	28¾	27¼	28⅛	+1⅛
25¾	23	AlCulvr A x	0.24	1.0	20	47	23½	d23	23½	+½
40⅛	36¾	Albertsons x	0.56	1.4		214054	u40⅝	39⅞	40½	+½
22⅞	19¾	Alcan Alum	0.60	3.0		801092	20⅛	d19¾	20	+¼
35¾	33⅛	Alco Stand	0.92	2.6	17	497	u36	35¼	35⅜	+⅛
23⅞	19¾	Alex Alex x	1.00	4.5	20	249	22⅞	22½	22¼	-⅛
25¾	24	Alexanders			27	2	24⅞	24⅞	24⅞	-⅛
32¼	27½	Allegh Lud	0.88	3.0	29	306	29⅞	29⅜	29⅞	-⅛
[illegible]										

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22½	19⅞	Bearings x	0.84	2.9	66	12	22⅛	22⅛	22⅛	
20⅞	17⅝	Beckman In	0.28	1.4	14	523	19⅞	19	19¾	+¾
71⅛	64⅞	Becton Dk x	1.20	1.7	14	567	69⅞	69⅜	69⅝	
27¾	25⅞	Belding Hy	0.64	2.4	72	7	27	27	27	
48⅞	46¼	Bell Atlan	2.52	5.6		135326	46⅞	d45¼	45⅞	-¾
11⅞	10⅝	Bell Indus	0.40	3.7	51	40	10⅞	10⅞	10⅞	
52½	49⅛	BellSouth	2.76	5.7		152241	49⅞	d48⅝	48⅝	-⅞
37⅞	30⅝	Belo AH A	0.52	1.5	52	233	35⅛	34¾	34⅞	-⅛
45⅝	39½	Bemis	0.84	1.9	20	198	43½	42½	43¼	-¼
53	51¾	Benef 4 3P	4.30	8.1		z100	52½	52½	53	
67¼	60½	Benef	2.60	4.1	12	430	64½	63¾	63¾	-1
20¼	18¼	Benetton A	0.25	1.3	16	13	19⅞	19⅝	19⅝	-⅛
[illegible]	¼	Benguet B			1	120	[illegible]	[illegible]	[illegible]	
8950	8575	Berksh Hwy				30z100	8675	8575	8650	
20¼	18¼	Berlitz	0.56	2.9	34	74	19½	19⅜	19⅜	
13¼	10¾	Berry Petr	0.60	4.7	18	106	12¾	12⅝	12¾	+¼
25	15¾	Best Buy			23	404	21¾	21½	21¾	+½
26	21½	Beth St 2. x	2.50	11.2		157	22¼	21¾	22¼	+¼
51⅞	43½	Bethlhm Pf x	5.00	11.3		208	44½	43⅞	44¼	+¼
17⅛	12¾	Bethlhm St	0.40	2.7		12205	15	14⅞	14⅞	+¼
9⅞	6⅜	Beverly En				273697	9⅛	8⅞	9	-¼
21¾	16	Biocraft	0.10	0.5	159	115	20¾	20½	20¾	
27¼	21⅞	Birmngn S x	0.50	1.9	82	882	26⅝	26⅜	26¾	-¼
23¼	16½	Black & D	0.40	1.8		503075	22⅞	22¼	22¼	+⅜
42⅝	36⅛	Black H PL	1.76	4.4	15	89	39⅞	39¼	39⅞	+½
11⅝	11	BlkstnAdv	0.98	8.9		52	11⅛	d11	11	-⅛
11	9⅞	Blackst In	0.61	6.0		1076	10¼	10⅛	10⅛	-⅛
11⅛	10⅝	Blackst Tr	0.95	8.8		713	10⅞	d10⅝	10¾	+⅛
41⅛	34¾	Block H&R	0.88	2.5		272701	36¼	35	35⅛	-⅞
14¼	11⅞	Blockbustr	1.16	9.0		223518	13⅛	12⅞	12⅞	-⅛
8¼	7⅝	Blue Chip	0.76	9.9		96	7⅞	7¾	7⅞	
9⅞	7⅝	BMC Ind			7	4	9⅝	9⅝	9⅝	+⅛
54⅝	48¾	Boeing x	1.00	2.0		116471	51¼	50	50⅞	
24⅝	20⅞	Boise Casc	0.60	2.6	9	684	23⅛	22⅞	22⅞	-⅛
6¼	4⅞	Bolt B & N x	0.06	1.1	20	82	5⅝	5½	5½	-⅛
17½	13¾	Bordn Ch x	2.08	12.2	12	396	17⅜	17	17	-¼
18⅜	14⅛	Bordn Ch U x	2.08	11.7		121683	18	17⅝	17¾	-¼
34⅞	32	Borden Inc x	1.14	3.4		147651	33¾	33⅛	33¼	-⅞
20	18⅝	Bostn Celt	2.25	11.3	11	10	19⅞	19¾	19⅞	-⅛
18¼	17⅝	BstnE PfC x	1.46	7.9		4	u18½	18¼	18½	+¼
104	101½	Bostn Ed 8	8.88	8.7		z100	102	102	102	
26	20¼	Bowater	1.20	5.1		201326	24	23⅝	23⅝	-¼
17⅞	14⅝	Brazil Fnd				463	17½	16½	17	-⅜
31⅞	28⅞	BRE Prop	2.40	7.6	15	33	u31⅞	31½	31½	-⅛
49⅞	41¾	Briggs & S	1.60	3.2	16	184	49½	49	49¼	+⅝
39¼	34¾	Brinkerlnt			34	161	35¼	35⅛	35¼	
90⅛	79	Bristol M	2.76	3.5		201190	80¼	79¼	79⅜	-½
45¾	41⅛	Brit Airwy	1.73	4.0	473	242	42⅞	42⅝	42⅝	-½
49½	42⅝	Brit Gas	2.60	5.5	12	55	45⅝	45⅛	45¼	-⅜
[illegible]										

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NYSE COMPOSITE PRICES

Continued from previous page

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11¼	10⅞	Royce Val	1.22	11.0		327	11⅛	11	11⅛	+⅛
37⅛	33¼	Rubbermaid x	0.34	1.0	34	2439	34	33⅞	33⅞	+⅛
17⅞	14⅞	Ruddick	0.24	1.4	13	63	17½	17¼	17½	+¼
21⅛	18	RussBerrie	0.60	2.7	19	260	u22¼	21⅛	22	+⅞
1½	1	Russ Togs	0.20	14.5	0	3	1⅜	1⅜	1⅜	
39⅝	33½	Russell Cp x	0.32	0.8	28	384	39⅛	38¾	38⅞	+⅛
24½	19⅝	Ryder Syst	0.60	2.7	34	987	22	21⅞	21⅞	+¼
29	22¼	Ryland Grp	0.60	2.2	38	428	27¼	27	27¼	+⅛

- S -

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	17½	S Anita Rl	1.36	6.7	18	34	20⅜	20⅛	20¼	-⅛
17⅞	15¼	SCOR US Cp	0.24	1.4	10	56	u17⅞	17½	17⅝	+¼
29½	24¼	SPS Techno	1.28	4.4	22	13	29¼	28⅞	28⅞	-½
		Saatchi&S	0.19	23.4	0	1836				
13	12⅛	Sabine Rlt	1.35	10.9	7	36	12⅝	12⅜	12⅜	-⅛
11⅞	9½	Safecard x	0.15	1.3	10	155	11⅝	11⅜	11⅜	
16	14¼	Safeg'd Sc			6	698	14½	d14⅛	14½	+¼
28¾	25⅛	SafetyKln	0.32	1.2	26	790	27⅝	27	27¼	-⅛
20¼	17½	Safeway			18	762	18½	17⅞	18	-⅝
4⅝	3¼	SafewayW98				175	4	3⅞	3⅞	-⅛
32¾	29⅞	StJoePaper	0.20	0.6	43	13	32⅝	32½	32⅝	+⅛
34¾	32⅞	StJoeL&P x	1.72	5.2	13	30	33	32¾	33	+¼
75¾	66½	St Paul's	2.60	3.6	7	555	73¼	70½	71¾	-2
4⅝	2⅞	Salant Crp			0	125	u4⅞	4⅝	4⅝	+¼

- X - Y - Z -

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
78	68½	Xerox	3.00	3.8	18	4179	78⅛	75¼	76⅝	-⅛
53½	50½	Xerox4.125				5	52½	52½	52¼	+⅛
28¼	24⅞	Xtra 1.94 x	1.94	7.4		13	26⅜	26	26⅛	+⅛
33	28½	Xtra Corp x	0.80	2.5	13	152	32⅝	32½	32½	-¼
27	25¼	Yankee Egy	1.60	6.1	13	17	26½	26⅛	26⅛	
[illegible]	½	Zapata			87	218	⅞	[illegible]	[illegible]	
9⅝	7¼	ZenithElec			3	336	9	8¾	8⅞	-⅛
16⅞	15¾	Zenith Nat x	1.00	6.3	102	25	15⅞	15¾	15⅞	
6⅝	6	Zenix Inc	0.84	12.7		30	u6⅝	6½	6⅝	+⅛
12¼	11⅛	Zero Corp x	0.40	3.3	16	498	12	11¾	12	+⅛
36	35⅛	Zurn Ind x	0.88	2.5	15	288	35¼	d34⅝	34¾	-½
14⅛	13½	Zweig Fund	1.16	8.5		147	13⅝	d13½	13½	+⅛
11	10⅝	Zweig Totl	0.96	8.9		463	10⅝	d10⅝	10⅝	+⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 3

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
OMI Corp	0.14	8	287	7⅝	d7½	7½	
Pall Corp x	0.36	32	1554	29⅞	28¾	29½	+⅜
Pegasus G	0.10	8	35	12⅞	12¾	12¾	-¼
Pentnl		9	33	u14	13⅞	13⅞	-⅛
Pet HM&P	0.31	7	17	11⅛	11⅛	11⅛	+⅛

NASDAQ NATIONAL MARKET

3:00 pm prices February 3

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		28	1842	27¼	26¼	27	+¼
Xoma Corp		13	4890	24½	23	23¼	-½
Yellow Fr x	0.94	28	309	28½	28	28⅛	
York Rsch		57	1968	7⅛	6⅝	6⅞	
ZionsUtah	1.44	9	74	u46¾	45	45½	+1

FINANCIAL TIMES

Tuesday February 4 1992

AMERICA

Pharmaceuticals feature as Dow trades quietly

Wall Street

A QUIET morning on Wall Street saw US equities trading in a narrow range as investors waited for details of the Treasury's refunding next week, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average stood 10.73 higher at 3,234.12 on unexceptional volume. Advancing issues had a very slim edge on those declining.

Among broader market indices, the Standard & Poor's 500 was 0.67 higher at 409.46 at 1 pm. On Friday, the Dow closed 21.47 lower at 3,223.39.

There was little reaction to the release of the purchasing managers report for January or to a decline in US construction spending in December, both of which painted a picture of a depressed economy.

Drug companies dominated big board trading. Glaxo eased $¼ to $30½, Bristol-Myers Squibb slid $⅛ to $79¾ and Upjohn added $1½ to $42¾ on the back of a positive analysts' comments about preliminary studies of the company's lazaroid drug.

Digital Equipment advanced $1⅝ to $52 after Merrill Lynch highlighted the buying opportunity of the stock and raised its rating.

Ashland Coal rose $2¾ to $31 after the company said it would buy Dal-Tex Coal for $250m.

Food and tobacco giant RJR Nabisco was one of the most active issues of the morning on the New York Stock Exchange. The company turned in fourth quarter net earnings of $368m or 22 cents a share compared with a net loss of $429m or $1.11 a year earlier.

Among actively-traded blue chip issues, IBM advanced $¾ to $90¼, Mobil added $¼ to $64⅛ and Pepsico lost $⅛ to $33⅝.

US Biosciences was one of the biggest losers of the morning, plunging $12⅞ to $18⅞ after the Food & Drug Administration failed to approve the company's ethyol drug for use in chemotherapy.

In the secondary market, the Nasdaq composite rose 2.83 to 623.04 at midsession. Alliance Pharmaceutical was one of the most active over-the-counter stocks, jumping $5 to $35 following favourable comments on the stock on a television programme.

Microsoft climbed $4¼ to $124½ on news of a corporate restructuring.

Among other active over-the-counter issues, Apple Computer rose $1¼ to $66 and Intel eased $⅞ to $59¾.

Advanced Interventional jumped $2¼ to $19¾. The stock was halted on Friday ahead of news that the FDA had approved its angioplasty laser system.

Dow Chemical edged $¾ lower to $54 while Corning advanced $1 to $64 after Dow Corning, a 50-50 joint venture, turned in fourth quarter earnings of $28.9m including a $25m pre-tax charge for costs associated with the company's silicone breast implants.

Canada

TORONTO was largely unchanged at midday with the TSE-300 down 3.4 to 3,592.7. Metals and minerals shares climbed slightly on the strength of Inco, which firmed C$⅝ to C$36⅝.

Inco said its unit in Indonesia produced a record 75.9m pounds of nickel in matte in 1991.

Biomira hit another high of C$29⅝, before slipping back to C$29, a gain of C$1¼.

Among active issues, Brascan class A was flat at C$19⅝, Joutel Resources rose one cent to 11.5 cents and Toronto-Dominion Bank eased C$¼ to C$17⅝.

SOUTH AFRICA

JOHANNESBURG gold shares were firm with the JSE all-gold index rising 29 to 1,275. Vaal Reefs was up R6 to R225. The industrial index gained 6 to 4,408 with the all-share up 1 to 3,606. Trading was cautious awaiting foreign reaction to tax proposals on investments.

EUROPE

German steel pay settlement fails to inspire bourses

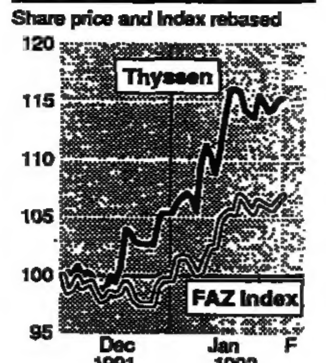
NEWS OF a settlement in the German steel pay dispute failed to inspire continental bourses yesterday, *writes Our Markets Staff.*

FRANKFURT ended mixed. After a burst of enthusiasm on news that a steel strike had been avoided, with the FAZ index rising 5.52 to 688.69 at midsession, the DAX closed just 1.52 higher at 1,689.01, well below its high of 1,698.74. Volume rose from DM6.5bn to DM7bn.

Some traders said that the 6.4 per cent pay rise for steelworkers was likely to be seen as a benchmark for forthcoming settlements, others that steel was effectively the last of the 1991 pay round and did not set a pattern for 1992. Steel shares put in a mixed performance, with Mannesmann rising DM3 to DM354 and Thyssen, which has gained on a series of analysts' meetings recently, up by only 50 pfg to DM220.50.

Meanwhile, the lifting of the strike threat helped some car shares as fears evaporated that automotive output might be hurt by stoppages at key suppliers. BMW gained DM5.50 at DM541.50; but Daimler Benz, which had earlier risen by DM5.80 to DM755, ended 30 pfg up at DM749.50 and Volkswagen rose 50 pfg to DM338, off its high of DM341.

Share price and index rebased



Source: Datastream

The progressive ebbing of enthusiasm seemed to continue in London, where Daimler had lost DM3 of its DM5.50 gain by the late afternoon close. Most of the other German blue chips were given similar treatment.

PARIS had a generally unexciting day. Volume fell back sharply to FFr1.7bn after Friday's FFr4.8bn, which was bloated by month-end option expiries.

After opening marginally weaker, an afternoon fall in the bond market pushed the CAC-40 index down by 18.27 to close at 1,856.98. Among large-capital shares, Alcatel fell FFr14 to FFr574 and UAP dropped FFr19 to FFr529, but dealers attributed the declines to position-squaring after Friday's options-related activity.

One of the day's biggest fallers was the media company Hachette which slid FFr7.80 or 4.8 per cent to FFr170, as the market waited to see who would rescue the bankrupt television company La Cinq, in which Hachette has a 25 per cent stake.

Also on the downtrend was L'Oréal which fell FFr8 to FFr720 in relatively high volume of 62,390 shares. Dealers said the share had been hit recently by a decision by investors to sell stocks on a high rating. News yesterday of disappointing French perfume sales in 1991, prompted further selling.

MILAN lost its early highs as last week's approval of legislation on takeovers failed to have much consequence. The Comit index rose 3.32 to 544.69 in turnover estimated at around L80bn after Friday's L103.7bn. Trading was dominated by domestic operators.

Dealers were generally disappointed by the details of Ferruzzi's planned merger of its subsidiaries Eridania and Béghin Say. Their main complaint was that the way the merger was presented made it impossible to make any earnings valuations. Shares in Montedison, which is seen as the main beneficiary of the restructuring, gained L20 to L1,365 but Eridania tumbled L120 to L7,090.

Pirelli rose L55 to L1,230 ahead of its capital-raising operation. Also in industrials, Fiat was unchanged at L5,101 in spite of the growing collection of "sell" notes issued by UK brokers in the wake of its poor 1991 results. Kleinwort Benson said yesterday that the results did not allow a change of its negative fundamental stance on the car company.

STOCKHOLM fell in thin trade ahead of the 1991 results season, led off today by Electrolux, whose profits could be down by a quarter, or more.

Electrolux B were flat on the day at SKr236 but the Affärsvärlden General index fell 7.4 to 962.7. Volvo B fell SKr5 to SKr376: it said that its car sales, in unit terms, fell by 14 per cent last year.

The worst performing sector was insurance, down 2.3 per cent with Skandia down another SKr1 at SKr153. Skandia said yesterday that falling property prices and insurance losses had reduced its net assets from SKr210 to about SKr188 a share.

AMSTERDAM looked towards Germany for most of the day: the CBS Tendency Index rose just 0.6 to 122.3 with gains evenly spread. Turnover was Fl 524.7m.

The software group, Volmac, was the most active stock, putting on Fl 1.50 or 5.5 per cent to Fl 29 on turnround prospects.

Royal Dutch slipped Fl 0.10 to Fl 145.40, recovering from a low of Fl 144.20 following Friday's news of losses at US subsidiary Shell Oil. Grolsch gave details of its acquisition of a UK brewer: it declined Fl 2.30 to Fl 180. Elsevier continued its strong advance, gaining Fl 1.30 to Fl 108.10, a new high.

OSLO weakened almost 2 per cent as the all-share index fell 8.31 to 438.57. Elkem, the metals producer, continued to fall in spite of a settlement in the German steel dispute; its A shares fell NKr6.5 to NKr57.

VIENNA firmed to its highest level in four months. The all-share Vienna Bourse Index rose 4.61 to 460.44 and the 18-share ATX index added 13.19 to 1,014.01.

ISTANBUL fell for the fifth consecutive day: the 75-share index was down 198.15, or 4 per cent, at 4,728.08.

FT-SE Eurotrack 100 - Feb 3

Hourly changes								
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1136.52	1137.48	1139.69	1138.64	1137.77	1135.30	1133.39	1134.04

Day's High 1139.69 — Day's Low 1133.01

Jan 31	Jan 30	Jan 29	Jan 28	Jan 27
1137.97	1131.87	1132.85	1143.22	1142.52

Base value 1000 (26/10/90).

Three additional indices are included in the indices table, on the World Stock Markets prices page, from today. They are the Traded Index (Austria), the MIB General (Italy) and the Euro Top 100.

ASIA PACIFIC

Political initiative helps Nikkei to rise for the third day

Tokyo

SHARE prices extended their gains to a third day yesterday. Buying by foreign investors and arbitrageurs lent general support to the Nikkei average in thin trading, and last Friday's political initiative for the equity market brought added interest in the afternoon, *writes Emiko Terazono in Tokyo.*

The Nikkei, which rose 2.1 per cent on Friday, added another 116.54 to close at 22,139.59. The 225-share average eased on arbitrage-related activity, hitting a low of 21,973.95 in the morning, but later rebounded to an intraday high of 22,340.92 in the afternoon.

Volume fell to 200m shares from Friday's 330m, as activity remained dealer-led. Advances led declines by 604 to 356, with 158 issues remaining unchanged. The Topix index of all first section stocks advanced 1.68 to 1,632.62, although in London, the ISE/Nikkei 50 index fell 0.6 to 1,251.07.

The afternoon boost came from reports that the ministry of finance had accepted the leading Liberal Democratic Party's recommendations to consider a rescue package for the sluggish equity market. Last Friday, leaders of the LDP expressed their concern over the current stock market slump, and urged a review of dividend policies and the securities tax system.

Price movements, however, were still dominated by futures-related activity, and the rally lost steam towards the end of the session after arbitrage-related selling. "The underlying environment hasn't changed much," said Mr Shiomichi Kawamoto at Nikko Research Institute.

Foreign investors remained buyers. "The foreigners were active buyers in January, and will remain so this month," said Mr Brian Tobin at SG Warburg Securities. He added that the strength in the second section and over-the-counter market was an encouraging sign of real demand, rather than index-linked trading.

Despite foreign support, average daily trading volume on the Tokyo Stock Exchange's first section fell to a 10-year low for January, at 217.4m shares.

Bargain-hunting by foreigners lifted some high-technology issues. Sony advanced Y100 to Y4,340 and Pioneer Electronic gained Y110 to Y3,520. Nippon Telegraph and Telephone rose Y12,000 to Y713,000.

Banking issues lost ground. Traders said that investors have been selling the sector due to concerns over the banks' exposure to real estate loans. Industrial Bank of Japan fell Y10 to Y2,930 and Fuji Bank lost Y50 to Y2,250.

In Osaka, the OSE average gained 75.88 to 23,714.35 in volume of 29.7m shares. After slumping on profit-taking in the morning, the index gained for the fifth consecutive day on buying in the drug and construction sectors. Ono Pharmaceutical gained Y280 to Y5,690.

Roundup

THE Pacific Rim was quiet ahead of today's Chinese New Year holiday. Singapore, Seoul, Taiwan and Kuala Lumpur were closed.

HONG KONG saw active half-day trade, the Hang Seng index putting on 70.31 to 4,672.09 in turnover of HK$1.64bn. Interest continued in the banking and property sectors, with bank results due out later in the month.

Hong Kong Bank gained 75 cents to HK$38.25, New World rose 40 cents to HK$13.70 and Swire Pacific put on 70 cents to HK$25.80.

BANGKOK was quiet with turnover at Bt3.4bn down on the recent record highs: the SET index rose 3.74 to 767.19. The release of some 50 annual results had a mixed effect although banks gained: Bangkok Bank rose Bt14 to Bt554 and Thai Farmers Bank Bt12 to Bt422.

AUSTRALIA ended lower despite economic news which was better than expectations. The release of December's current account deficit, the lowest in almost four years, and a rise in housing approvals pushed the market ahead before it fell. The All Ordinaries closed down 11.4 to 1,611.3 in turnover of A$184.5m, down on last week.

Coles Myer, the retailer, issued disappointing half-year sales figures and lost 40 cents to A$11.70.

The announcement by prime minister Mr Paul Keating that the economic statement would be on February 26 is likely to make the market cautious, analysts said.

NEW ZEALAND showed little interest, with the NZSE-40 index up 4.02 to 1,459.07 in volume of NZ$19.8m.

MANILA rose on investor confidence, buoyed by last week's sale of state-owned Philippine Airlines to a private group. The composite index closed 11.31 up at 1,267.28 in volume of 3.2bn (2.1bn).

BOMBAY fell sharply after trading restrictions were announced. The BSE Index was off 29.73 from Friday's record close to 2,272.81.

Good showing in Japan lifts world index

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	+4.28	+8.94	+1.32	+10.35	+8.01	+3.33
Belgium	-0.43	+3.54	+13.85	+4.14	+2.77	-1.67
Denmark	+0.06	+2.07	+18.54	+3.70	+2.88	-1.59
Finland	+3.84	+18.68	+6.18	+19.32	+18.12	+13.00
France	+1.08	+5.63	+20.31	+5.94	+4.82	+0.29
Germany	+0.96	+4.90	+12.92	+7.04	+5.55	+0.97
Ireland	+1.34	+4.44	+26.76	+6.48	+5.51	+0.94
Italy	-1.37	+8.15	+10.89	+8.20	+7.62	+2.96
Netherlands	-0.24	+2.76	+22.40	+5.49	+4.17	-0.34
Norway	+0.28	+3.35	+3.13	+7.45	+5.83	+1.25
Spain	+0.71	+4.27	+13.11	+3.66	+3.74	-0.75
Sweden	-2.35	+4.87	+5.26	+5.21	+4.47	-0.06
Switzerland	-0.22	+3.35	+22.86	+5.65	+4.74	+0.20
UK	+2.35	+2.86	+18.60	+3.41	+3.41	-1.06
EUROPE	+1.18	+3.99	+17.12	+4.95	+4.32	-0.19
Australia	+0.61	-2.67	+21.95	-2.33	+0.79	-3.59
Hong Kong	+0.10	+7.67	+45.51	+7.89	+13.04	+8.14
Japan	+2.89	-5.05	-4.64	-5.05	-1.23	-5.50
Malaysia	-0.07	+3.30	+6.33	+2.40	+10.74	+5.94
New Zealand	-2.11	-4.42	+9.07	-4.42	-0.13	-4.45
Singapore	-1.29	+3.21	+23.46	+3.05	+6.39	+1.79
Canada	-1.14	+2.50	+8.02	+2.45	+5.45	+0.88
USA	-1.50	-2.22	+19.85	-1.75	+2.69	-1.75
Mexico	+0.07	+9.64	+175.31	+10.55	+14.59	+9.63
South Africa	-1.04	+4.34	+41.36	+4.16	+2.12	-2.30
WORLD INDEX	+0.51	-1.22	+11.52	-0.82	+2.12	-2.30

† Based on January 31st 1992.

By Antonia Sharpe

A strong showing in Japan, on the back of futures-linked buying, helped lift the overall performance of global stock markets last week. According to the FT-Actuaries World Indices, the world index rose 0.5 per cent in local currency terms, but it would have fallen by the same amount if Japan's 2.9 per cent increase had been excluded.

Nomura International says that although sentiment in Tokyo remains depressed, due to tokkin and mutual fund selling to meet redemptions and the prospect of further political scandals, the oversold nature of the stock market could prompt a recovery. Another pointer to an upward equity correction is the increased volatility in index options, which have increased their influence on the Tokyo stock market during the past few months.

Europe performed better than the world index with a 1.2 per cent rise on the week, thanks mainly to a 2.4 per cent rise in the UK. Europe also produced the week's best rise in the FT-A world indices, with Austria rising 4.3 per cent. The Austrian market fell by 14.2 per cent last year as civil unrest in Yugoslavia prompted an exodus by international investors.

Mr Martin Gollner, Austrian analyst at Baring Securities, says that foreigners had started to return and were keen to pick up cheap, cyclical companies in anticipation of an economic recovery in Europe in 1993. Radex and Veitscher, two producers of refractory bricks for furnaces, were in demand. Volume also improved, and stood at Sch758m ($66m) last Friday, well up on September's average daily volume of Sch539m.

However, Mr Gollner is cautious about the overall outlook for Austria, which is restricted by high interest rates in neighbouring Germany, depressed economies in eastern Europe and the prospect of a flood of rights issues which were delayed last year.

Sweden was the week's worst faller, on opposition to the Volvo/Procordia merger.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JANUARY 31 1992								THURSDAY JANUARY 30 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	145.44	+1.2	120.47	115.43	121.59	128.95	+0.7	4.26	143.78	120.13	114.52	121.17	128.10	160.31	112.74	122.37
Austria (20)	172.08	−0.1	142.53	136.57	143.86	144.79	+0.9	1.99	172.19	143.87	137.15	145.12	143.49	222.37	153.86	187.76
Belgium (46)	141.93	+0.6	117.55	112.63	118.65	115.85	+0.2	5.08	141.04	117.84	112.33	118.86	115.65	151.20	118.04	136.76
Canada (115)	137.50	−0.3	113.89	109.12	114.94	116.94	−0.5	3.15	137.96	115.27	109.88	116.26	117.48	144.28	126.49	129.46
Denmark (37)	262.91	+0.3	217.75	208.65	219.79	222.59	+0.2	1.61	262.10	218.98	208.76	220.86	222.17	273.94	217.74	244.68
Finland (15)	88.16	+0.5	73.02	69.97	73.70	80.79	+0.7	3.02	87.75	73.32	69.89	73.95	80.27	125.15	73.32	100.71
France (108)	150.87	+0.9	124.96	119.73	126.12	129.57	+0.0	3.43	149.47	124.88	119.04	125.95	129.60	152.95	119.11	137.50
Germany (65)	118.47	+1.3	98.13	94.03	99.04	99.04	+0.5	2.34	116.91	97.68	93.13	98.52	98.52	125.35	94.15	114.79
Hong Kong (55)	190.72	+0.7	157.97	151.36	159.45	190.03	+0.7	3.99	189.47	158.30	150.91	159.69	188.79	191.57	119.62	130.17
Ireland (16)	169.38	+1.1	140.29	134.42	141.60	144.08	+0.8	3.54	167.51	139.96	133.42	141.17	142.88	182.46	132.88	145.83
Italy (77)	77.62	+1.9	64.29	61.60	64.89	69.97	+0.9	3.29	76.21	63.67	60.70	64.22	69.38	88.23	64.78	75.94
Japan (473)	128.35	+2.3	106.31	101.86	107.31	101.86	+2.0	0.83	125.43	104.79	99.90	105.72	99.90	146.97	118.23	127.98
Malaysia (68)	226.90	+0.7	187.94	180.07	189.68	229.83	+0.7	2.84	225.42	188.34	179.53	189.97	228.20	247.78	189.18	208.16
Mexico (18)	1525.18	−0.4	1263.25	1210.42	1275.04	5113.55	−0.4	1.02	1532.07	1280.04	1220.24	1291.16	5132.45	1532.07	534.45	574.57
Netherland (31)	152.16	+1.1	126.03	120.76	127.21	125.63	+0.2	4.30	150.50	125.74	119.86	126.83	125.36	156.74	125.70	135.00
New Zealand (14)	44.89	−0.5	37.18	35.63	37.53	44.13	−0.4	6.23	45.10	37.68	35.93	38.01	44.33	54.64	41.18	45.50
Norway (25)	181.02	+0.2	149.93	143.66	151.33	155.53	+0.6	1.67	180.60	150.89	143.85	152.21	154.62	223.24	157.08	197.46
Singapore (38)	223.61	−0.8	185.21	177.47	186.94	169.00	−0.2	2.06	225.49	188.40	179.60	190.03	169.38	228.43	151.63	171.61
South Africa (61)	243.17	−1.0	201.41	192.98	203.28	180.19	−0.8	2.75	245.62	205.22	195.63	206.99	181.60	271.99	173.00	177.61
Spain (52)	155.23	+0.7	128.57	123.19	129.77	118.77	+0.3	4.64	154.19	128.83	122.81	129.94	118.45	171.12	131.51	150.21
Sweden (25)	181.04	+1.0	149.95	143.68	151.35	156.38	+0.1	2.86	179.19	149.71	142.72	151.01	156.24	204.12	146.60	182.55
Switzerland (59)	100.57	+1.2	83.30	79.82	84.09	89.07	+0.4	2.25	99.38	83.03	79.16	83.76	88.75	103.50	82.17	94.23
United Kingdom (234)	183.36	+1.7	151.87	145.50	153.27	151.87	+0.8	4.89	180.33	150.66	143.61	151.96	150.66	187.44	156.27	170.55
USA (523)	166.91	−0.6	138.24	132.47	139.54	166.91	−0.6	2.93	167.97	140.34	133.79	141.56	167.97	171.66	125.95	139.05
Europe (812)	147.41	+1.3	122.09	116.99	123.24	123.27	+0.5	3.91	145.45	121.52	115.84	122.58	122.62	151.52	125.50	138.55
Nordic (102)	183.18	+0.6	151.72	145.37	153.14	151.22	+0.2	2.14	182.11	152.15	145.05	153.47	150.91	200.81	155.55	180.15
Pacific Basin (717)	130.61	+2.1	108.18	103.66	109.19	105.10	+1.8	1.16	127.86	106.83	101.84	107.76	103.24	145.92	117.86	127.53
Euro – Pacific (1529)	137.63	+1.8	113.99	109.22	115.05	113.09	+1.3	2.33	135.19	112.95	107.66	113.92	111.68	147.66	121.29	132.37
North America (638)	165.02	−0.6	136.68	130.96	137.96	163.51	−0.6	2.94	166.05	138.74	132.27	139.97	164.54	169.69	125.91	138.38
Europe Ex. UK (578)	125.72	+1.1	104.13	99.80	105.13	106.71	+0.3	3.19	124.35	103.89	99.06	104.82	106.36	129.80	103.58	119.01
Pacific Ex. Japan (244)	152.92	+0.7	126.66	121.38	127.85	137.39	+0.5	3.88	151.90	126.92	121.01	128.03	136.65	158.49	111.40	121.49
World Ex. US (1723)	139.63	+1.7	115.65	110.82	116.74	115.15	+1.1	2.36	137.36	114.76	109.41	115.76	113.84	148.16	122.32	132.98
World Ex. UK (2012)	144.40	+0.7	119.60	114.60	120.73	129.04	+0.4	2.30	143.44	119.84	114.25	120.90	128.50	150.56	120.06	130.44
World Ex. So. Af. (2185)	147.17	+0.8	121.90	116.81	123.04	130.76	+0.5	2.57	146.01	121.99	116.30	123.06	130.14	153.05	122.92	133.74
World Ex. Japan (1773)	159.45	+0.1	132.07	126.55	133.32	147.81	−0.2	3.31	159.25	133.05	126.85	134.23	148.05	161.80	126.68	138.46
The World Index (2246)	147.78	+0.8	122.40	117.29	123.56	131.20	+0.5	2.58	146.65	122.53	116.81	123.60	130.61	153.70	123.20	134.00

Constituent change with effect 4/2/92: Deletion: Rosehaugh (U.K.). Latest prices were unavailable for this edition.

FT LAW REPORTS

Insolvency law excludes silence

IN RE BISHOPSGATE INVESTMENT MANAGEMENT LTD
MIRROR GROUP NEWSPAPERS AND OTHERS v MAXWELL AND OTHERS
Court of Appeal
(Lord Justice Dillon, Lord Justice Stuart-Smith and Lord Justice Mann):
January 29 1992

PRIVILEGE against self-incrimination is excluded by insolvency legislation, and accordingly a person questioned by provisional liquidators investigating company affairs cannot refuse to answer on the ground that to do so might expose him to prosecution.

But the statutory exclusion cannot be invoked by a company which is not in liquidation, administration or receivership, and a former director or other fiduciary questioned by court order as an aid to Mareva relief in an action to account for monies transferred away from the company can avail himself of the privilege under the general law, and refuse to speak.

The Court of Appeal so held when dismissing three appeals by Mr Kevin Maxwell and others against Mr Justice Hoffmann's decision that he must answer questions put to him by the provisional liquidator of Bishopsgate Management Ltd; and dismissing an appeal by Mirror Group Newspapers and others from the judge's decison that Mr Maxwell was entitled not to answer questions put to him by their directors on the ground that to do so might incriminate him.

LORD JUSTICE DILLON said Bishopsgate was the investment trustee of a common investment fund established for the Mirror Group Pension scheme. Mr Maxwell was a director of Bishopsgate from February 1988 until he resigned on December 4 1991.

Large sums of money which ought to be in the common investment fund were not there and had not been traced. Other parts of the fund had been traced into the hands of banks claiming security rights.

Mr Maxwell was one of the most obvious persons for the provisional liquidators to question.

As for the Mirror Group claims, Mr Maxwell was a director of Mirror Group before its flotation in May 1991, and from November 6 1991 until he resigned on December 3 1991.

Even when not a director between May and November, he remained an authorised signatory on certain Mirror Group bank accounts.

In the Mirror Group action, under court orders in aid of Mareva relief, the Group sought information about 26 transfers totalling £120m from Group accounts, from May 29 to November 29 1991.

It appeared that some £50m represented a facility which Mr Maxwell helped his father to negotiate for the Group with Bankers Trust Co.

The Group's present directors wanted to know the purpose of that facility, and of each of the 26 payments.

Apart from his concern with the negotiation of the £50m facility, Mr Maxwell was one of the signatories who authorised two of the 26 payments.

There was no doubt that, apart from the privilege against self-incrimination, Bishopsgate by its provisional liquidators, and Mirror Group, were entitled to receive from Mr Maxwell any information he had on the respective matters about which they sought to question him.

It was conceded for the liquidators and for the Group that answering the questions might expose Mr Maxwell to prosecution on charges of conspiracy.

Privilege against self-incrimination became established in the Common Law after abolition of the Court of Star Chamber.

Parliament could abrogate the privilege by statute.

Two recent decisions in which it had been held that the privilege was impliedly unavailable to a person questioned under a statute were *London United Investments FT, January 17 1992*, and *Bank of England v Riley, October 17 1990, CA*.

The essence of both decisions was that if Parliament in the public interest set up investigatory procedures to find out if a company's affairs had been conducted fraudulently, or if there had been infringements of the Banking Act, it could not have intended that anyone questioned under those procedures should be entitled to rely on the privilege.

The question in the Bishopsgate appeals was whether similar reasoning applied to the relevant sections of the Insolvency Act 1986.

Section 235 of the Act provided that an officer of a company, required to answer the queries of an "office holder" (administrator, administrative receiver, liquidator or provisional liquidator), "shall" give him such information as he might reasonably require.

Section 236 provided that the court might summon before it any officer of the company or other person thought capable of giving information concerning the company.

In *Levitt, October 29 1991*, which Mr Justice Hoffmann followed, Mr Justice Vinelott said rightly that the provisions of the 1986 Act must be looked at as a whole to ascertain the purpose of an examination under section 236, and whether that purpose necessarily involved abrogation of the privilege.

He said: "To answer that question the court must ask whether the person whom it is sought to examine owes a duty to furnish information sought, and whether there is any public interest in ensuring that the inquiry was carried out thoroughly and expeditiously."

Part of the mischief in the old law was its apparent inability to deal adequately with dishonesty or malpractice on the part of bankrupts or company directors.

That was a matter of public concern and there was a public interest in putting it right.

As steps to that end, Parliament had by the 1986 Act greatly extended the investigative powers available to office-holders with the assistance of the court, and had expressly placed officers of the company and others listed in section 235(3) under a duty to assist the office-holder.

In agreement with Mr Justice Vinelott's general approach, it was held that Mr Maxwell was not entitled to rely on the privilege. The Bishopsgate appeals were dismissed.

With regard to the Mirror Group appeals, the Group was not in liquidation, administration or administrative receivership. Accordingly, it could not invoke the 1986 Act and had to rely on the general law.

It submitted that under the general law privilege against self-incrimination was not available to a fiduciary, servant or agent.

It relied on *Green v Weaver (1827) 1 Sim 404, Robinson v Kitchin (1856) 21 Beav 365,8 DeGM & G 88*, and *Chadwick v Chadwick (1852) 22 LJCh 329*.

Mr Falconer for the Group said that any person who by contract put himself into the position of fiduciary, servant or agent, impliedly contracted not to invoke the privilege.

It was wholly unreal to suppose that when two parties, neither of whom was in probability thinking of privilege against self-incrimination, entered into a contract under which one became the other's fiduciary, servant or agent, they impliedly contracted that he could not invoke privilege.

Several of the earlier cases which formed the background of authority to the three cases were so tersely reported and difficult to follow that it was not possible to derive any principle from them. The same could be said of *Chadwick*.

In *Green*, where unqualified brokers held themselves out to be qualified, Hart V-C held they could not rely on the privilege. He deduced from the authorities that a man by contract or the effect of his own acts might exclude himself from the benefit of the privilege against self-incrimination.

The facts in *Robinson* were similar and *Green* was approved.

It was possible that *Green* and *Robinson* depended on some principle of estoppel. If so, they had no bearing on the present case.

In *Tate Access Floors v Boswell [1991] Ch 512* Sir Nicolas Browne-Wilkinson V-C held that *Green* and *Weaver* did not establish the wide proposition that a fiduciary impliedly contracted not to claim privilege. He doubted that the cases were good law today.

Privilege against self-incrimination was so firmly entrenched in English law before *Green*, that it could not have been open to Hart V-C to carve such a substantial exception out of the privilege.

The present court was not bound by *Green* and *Robinson*.

It upheld the decision in *Tate Access Floors*, which Mr Justice Hoffmann followed.

The Mirror Group's appeal was therefore dismissed.

Any decision to curtail the privilege or make it unavailable was a matter for Parliament.

Their Lordships gave concurring judgments.

For Mr Maxwell: Gavin Lightman QC, R Alun Jones QC, Michael Briggs and Philip S Marshall (Peters & Peters).

For Bishopsgate: Philip Heslop QC and John Bristol (Stephenson Harwood).

For Mirror Group: Charles Falconer QC, Martin Moore and Lexa Hilliard (Lovell White Durrant).

Rachel Davies
Barrister